APPENDIX A

UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

Docket No. 05-0933-cv

[Filed March 28, 2007]

ITC LIMITED AND ITC HOTELS LIMITED,
Plaintiffs-Counter-Defendants-Appellants,

--v.--

PUNCHGINI, INC., RAJA JHANJEE, PARAGNESH DESAI, VICKY VIJ, DHANDU RAM, MAHENDRA SINGH, BACHAN RAWAT, BUKHARA GRILL II, INC.,
Defendants-Counter-Claimants-Appellees.

Before: STRAUB and RAGGI, Circuit Judges.[1]

Appeal from an award of summary judgment in favor of defendants on claims of trademark infringement, unfair competition, and false advertising in connection with

[1] The Honorable James L. Oakes, who was a member of this panel, retired following oral argument. The remaining two panel members, who agree on the disposition, decide this appeal pursuant to Local Rule § 0.14(b).

defendants' use of a mark for restaurant services that plaintiffs had stopped using in the United States for more than three years but that they assert nevertheless qualifies for protection as a "famous mark" based on continuing international use.

Decision affirmed in part; reversed in part pending the response of the New York Court of Appeals to certified questions of state law.

OPINION

REENA RAGGI, *Circuit Judge:*

This case requires us to decide, among other things, the applicability of the "famous marks" doctrine to a claim for unfair competition under federal and state law. Plaintiffs ITC Limited and ITC Hotels Limited (collectively "ITC") held a registered United States trademark for restaurant services: "Bukhara." They sued defendants, Punchgini, Inc., Bukhara Grill II, Inc., and certain named individuals associated with these businesses, in the United States District Court for the Southern District of New York (Gerard E. Lynch, *Judge*) claiming that defendants' use of a similar mark and related trade dress constituted trademark infringement, unfair competition, and false advertising in violation of federal and state law. ITC now appeals from the district court's award of summary judgment in favor of defendants on all claims. *See ITC Ltd. v. Punchgini, Inc.*, 373 F. Supp. 2d 275 (S.D.N.Y. 2005).

Having reviewed the record *de novo*, we affirm the award of summary judgment on ITC's infringement claim, concluding, as did the district court, that ITC abandoned its Bukhara mark for restaurant services in the United States. To the extent ITC insists that the "famous marks" doctrine

nevertheless permits it to sue defendants for unfair competition because its continued international use of the mark led to a federally protected right, we conclude that Congress has not yet incorporated that doctrine into federal trademark law.[2] Therefore, we affirm the award of summary judgment on ITC's federal unfair competition claim. Whether the famous marks doctrine applies to a New York common law claim for unfair competition and, if so, how famous a mark must be to trigger that application, are issues not easily resolved by reference to existing state law. Accordingly, we certify questions relating to these issues to the New York Court of Appeals, reserving our decision on this part of ITC's appeal pending the state court's response. Finally, because we agree with the district court that ITC lacks standing to pursue a false advertising claim against defendants, we affirm that part of the district court's award of summary judgment.[3]

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[2] Although the term "famous marks" is often used to describe marks that qualify for protection under the federal anti-dilution statute, *see* 15 U.S.C. § 1125(c), the "famous marks" doctrine is, in fact, a different and distinct "legal concept under which a trademark or service mark is protected within a nation if it is well known in that nation even though the mark is not actually used or registered in that nation," 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 29.2, at 29-164 (4th ed. 2002). Thus, the famous marks doctrine might more aptly be described as the famous foreign marks doctrine. It is in this latter sense that we reference the famous marks doctrine on this appeal.

[3] Although we affirm the district court's dismissal of all ITC's federal claims, we hesitate to dismiss ITC's state claim as merely pendent, *see, e.g.*, *Giordano v. City of New York*, 274 F.3d 740, 754 (2d Cir. 2002), because it appears that we may have diversity jurisdiction over that claim. Nevertheless, given our decision to certify questions of state law regarding that claim, ITC might well consider its interests better served by transfer of the state claim for

I. Factual Background

A. The Bukhara Restaurant in New Delhi

ITC Limited is a corporation organized under the laws of India. Through its subsidiary, ITC Hotels Limited, it owns and operates the Maurya Sheraton & Towers, a five-star hotel in New Delhi, India. One of the restaurants in the Maurya Sheraton complex is "Bukhara." Named after a city in Uzbekistan on the legendary Silk Road between China and the West, Bukhara offers a cuisine and decor inspired by the northwest frontier region of India. Since its opening in 1977, the New Delhi Bukhara has remained in continuous operation, acquiring a measure of international renown.[4]

Over the past three decades, ITC has sought to extend the international reach of the Bukhara brand. At various times, it has opened or, through franchise agreements, authorized Bukhara restaurants in Hong Kong, Bangkok, Bahrain, Montreal, Bangladesh, Singapore, Kathmandu, Ajman, New York, and Chicago. As of May 2004, however, ITC-owned or - authorized Bukhara restaurants were in operation only in New Delhi, Singapore, Kathmandu, and Ajman.

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all purposes to state court. We will defer formal certification following issuance of this opinion to allow ITC ten days to communicate its wishes to the court. Defendants are afforded ten days more to respond.

[4] The record indicates that in 2002 and 2003, the New Delhi Bukhara was named one of the world's fifty best restaurants by London-based "Restaurant" magazine.

B. ITC's Use of the Bukhara Mark in the United States

1. ITC's Use and Registration of the Mark for Restaurants

In 1986, an ITC-owned and -operated Bukhara restaurant opened in Manhattan. In 1987, ITC entered into a franchise agreement for a Bukhara restaurant in Chicago. Shortly after opening its New York restaurant, ITC sought to register the Bukhara mark with the United States Patent and Trademark Office ("Patent and Trademark Office"). On October 13, 1987, ITC obtained United States trademark registration for the Bukhara mark in connection with "restaurant services." *See* United States Trademark Registration No. 1,461,445 (Oct. 13, 1987). The Manhattan restaurant remained in operation for only five years, closing on December 17, 1991. On August 28, 1997, after a decade in business, ITC cancelled its Chicago franchise. Notwithstanding its registration, ITC concedes that it has not owned, operated, or licensed any restaurant in the United States using the Bukhara mark since terminating the Chicago restaurant franchise.

2. Use of the Mark for Packaged Foods

Over three years later, in 2001, ITC commissioned a marketing study to determine the viability of selling packaged food products in the United States under the Bukhara label, including "Dal Bukhara."[5] In that same year, ITC filed an application with the Patent and Trademark Office to register a "Dal Bukhara" mark in connection with packaged, ready-to-serve foods. In May 2003, ITC sold packaged Dal Bukhara

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[5] This product takes its name from a lentil dish served at the New Delhi Bukhara restaurant.

food products to two distributors, one in California and the other in New Jersey. One month later, in June 2003, ITC exhibited Dal Bukhara products at the International Fancy Foods Show in New York City.

C. The Opening of "Bukhara Grill"

Meanwhile, in 1999, named defendants Raja Jhanjee, Vicky Vij, Dhandu Ram, and Paragnesh Desai, together with Vijay Roa, incorporated "Punchgini, Inc." for the purpose of opening an Indian restaurant in New York City. Jhanjee, Vij, and Ram had all previously worked at the New Delhi Bukhara, and Vij had also previously worked at ITC's New York Bukhara. In selecting a name for their restaurant, the Punchgini shareholders purportedly considered "Far Pavilions" and "Passage to India" before settling on "Bukhara Grill." As Vij candidly acknowledged at his deposition, there was then "no restaurant Bukhara in New York, and we just thought we will take the name." Vij Dep. 25:7-11, May 5, 2004. After some initial success with "Bukhara Grill," several Punchgini shareholders, with the support of two additional partners, defendants Mahendra Singh and Bachan Rawat, organized a second corporation, "Bukhara Grill II, Inc.," in order to open a second New York restaurant, "Bukhara Grill II."

When the record is viewed in the light most favorable to ITC, numerous similarities suggestive of deliberate copying can readily be identified between the defendants' Bukhara Grill restaurants and the Bukhara restaurants owned or licensed by ITC. Quite apart from the obvious similarity in name, defendants' restaurants mimic the ITC Bukharas' logos, decor, staff uniforms, wood-slab menus, and red-checkered customer bibs. Indeed, the similarities were sufficiently obvious to be noted in a press report, wherein

defendant Jhanjee is quoted acknowledging that the New York Bukhara Grill restaurant "is quite like Delhi's Bukhara." Shweta Rajpal, "Dal 'Bukhara' in NY: A Bukhara-trained Trio Has Opened a Similar Restaurant in Manhattan," *Hindustan Times*, May 2, 2000; *see also* Bob Lape, "Indian Outpost Needs Dash of Spice," *Crain's New York Business*, Dec. 13-19, 1999, at 18 (noting name similarity between Bukhara Grill and former New York Bukhara).

D. Plaintiffs' Cease and Desist Letter

By letter dated March 22, 2000, ITC, through counsel, demanded that defendants refrain from further use of the Bukhara mark. The letter accused defendants of unlawfully appropriating the reputation and goodwill of ITC's Bukhara restaurants in India and the United States by adopting a virtually identical name for their New York Bukhara Grill restaurants. It further demanded, under threat of legal action, that defendants acknowledge ITC's exclusive rights to the Bukhara mark, disclose the period for which defendants had used the mark, and remit to ITC any profits derived therefrom.

In a response dated March 30, 2000, defendants' counsel expressed an interest in avoiding litigation. Nevertheless, counsel observed that ITC appeared to have abandoned the Bukhara mark by not using it in the United States for several years. Receiving no reply, defendants' counsel sent a second letter to ITC dated June 22, 2000, stating that, if no response was forthcoming "by June 28, 2000, we will assume that ITC Limited has abandoned rights it may have had in the alleged mark and any alleged claim against our client." Marsh Letter to Horwitz, June 22, 2000. The record indicates no timely reply.

Instead, almost two years later, on April 15, 2002, ITC's counsel wrote to defendants reiterating the demands made in March 2000 and complaining of defendants' failure formally to respond to that initial letter. Defendants' counsel promptly challenged the latter assertion; faulted ITC for failing to reply to his March 22, 2000 letter; and reasserted his abandonment contention, a position that he claimed was now bolstered by the passage of additional time. There was apparently no further communication among the parties until this lawsuit.

E. The Instant Lawsuit

On February 26, 2003, ITC filed the instant lawsuit. In the amended complaint that is the controlling pleading for purposes of our review, ITC charged defendants with trademark infringement under section 32(1)(a) of the Lanham Act, *see* 15 U.S.C. § 1114(1)(a), as well as unfair competition and false advertising under sections 43(a) and 44(h) of the Lanham Act, *see* 15 U.S.C. §§ 1125(a), 1126(h). ITC also pursued parallel actions under New York common law.[6] As an affirmative defense, defendants charged ITC with abandonment of its United States rights to the Bukhara mark and, on that ground, they filed a counterclaim seeking cancellation of the ITC registration.

Following discovery, defendants successfully moved for summary judgment. In a detailed published decision, the

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[6] ITC's amended complaint also charged defendants with false designation of origin in violation of the Lanham Act, 15 U.S.C. § 1125(a), and deceptive acts and practices in violation of New York General Business Law § 349, but it appears to have abandoned those claims in otherwise opposing defendants' motion for summary judgment. *See ITC Ltd. v. Punchgini, Inc.*, 373 F. Supp. 2d at 278.

district court ruled that ITC could not pursue an infringement claim because the record conclusively demonstrated its abandonment of the Bukhara mark as applied to restaurants in the United States. *See ITC Ltd. v. Punchgini, Inc.*, 373 F. Supp. 2d at 285. To the extent ITC asserted that its continued operation of Bukhara restaurants outside the United States allowed it to sue defendants for unfair competition under the famous marks doctrine, the district court was not convinced. It observed that, even if it were to assume the applicability of the famous marks doctrine, ITC had failed to adduce sufficient evidence to permit a reasonable jury to conclude that the name or trade dress of its foreign restaurants had attained the requisite level of United States recognition to trigger the doctrine. *See id.* at 291. Finally, the district court found that ITC lacked standing to pursue its false advertising claim. *See id.* at 291-92. This appeal followed.

Before this court, ITC advances essentially three arguments. It submits that (1) the record does not conclusively establish its abandonment of United States rights in the Bukhara mark, (2) the district court misapplied applicable federal and state law regarding the famous marks doctrine, and (3) it has standing to sue defendants for false advertising.

II. Discussion

A. Standard of Review

We conduct *de novo* review of a summary judgment award, resolving all record ambiguities and drawing all factual inferences in favor of the non-moving party. *See, e.g., Phaneuf v. Fraikin*, 448 F.3d 591, 595 (2d Cir. 2006). We will affirm an award of summary judgment only if "the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show

that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(c).

B. Trademark Infringement

ITC sues defendants for trademark infringement in violation of both federal and state law. Under section 32(1)(a) of the Lanham Act, *see* 15 U.S.C. § 1114(1)(a), the owner of a mark registered with the Patent and Trademark Office can bring a civil action against a person alleged to have used the mark without the owner's consent.[7] Similarly, under New York state law, a mark owner may maintain a statutory or common law action against a party who engages in unauthorized use of the mark. *See* N.Y. Gen. Bus. Law § 360-k (McKinney 2006) (protecting registered marks); *Norden Rest. Corp. v. Sons of the Revolution*, 51 N.Y.2d 518, 522-23, 415 N.E.2d 956, 434 N.Y.S.2d 967, 968 (1980) (acknowledging common law rights in unregistered marks).

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[7] The statute states, in pertinent part:

Any person who shall, without the consent of the registrant--

> (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive . . .

shall be liable in a civil action by the registrant for the remedies hereinafter provided.

15 U.S.C. § 1114(1)(a).

Even if a plaintiff makes the showing required by federal and state law, however, the alleged infringer may nevertheless prevail if it can establish the owner's prior abandonment of the mark. *See* 15 U.S.C. § 1115(b)(2); *Nercessian v. Homasian Carpet Enter., Inc.*, 60 N.Y.2d 875, 877, 458 N.E.2d 822, 470 N.Y.S.2d 363, 364 (1983) (holding that "rights in a trade name may be lost by abandonment"). Indeed, abandonment is not only an affirmative defense to an infringement action; it is a ground for cancelling a federally registered mark. *See* 15 U.S.C. § 1064(3).

Relying on this principle, defendants submit that ITC's infringement claim is necessarily defeated as a matter of law by proof that, by the time they opened their Bukhara Grill restaurants in New York, ITC had effectively abandoned the Bukhara mark in the United States. Like the district court, we conclude that defendants successfully established abandonment as a matter of law, warranting both summary judgment in their favor and cancellation of ITC's registered mark.

1. The Doctrine of Abandonment

The abandonment doctrine derives from the well-established principle that trademark rights are acquired and maintained through use of a particular mark. *See Pirone v. MacMillan, Inc.*, 894 F.2d 579, 581 (2d Cir. 1990) ("'There is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed.'" (quoting *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97, 39 S. Ct. 48, 63 L. Ed. 141, 1918 Dec. Comm'r Pat. 369 (1918))). This is true even of marks that have been registered with the Patent and Trademark Office. *See Basile, S.p.A. v. Basile*, 283 U.S. App. D.C. 227, 899 F.2d 35, 37 n.1 (D.C. Cir.

1990) ("Although [a mark's] registration is a predicate to its protection under *[section 32(1)(a)* of] the Lanham Act, the underlying right depends not on registration but rather on use.").[8] Indeed, one of the fundamental premises underlying the registration provisions in the Lanham Act is that trademark rights flow from priority and that priority is acquired through use. *See, e.g.*, 15 U.S.C. § 1057(c) (stating that registration of mark "shall constitute constructive use of the mark, conferring a right of priority, nationwide in effect . . . against any other person except for a person whose mark has not been abandoned and who, prior to such filing[,] . . . has used the mark"). Thus, so long as a person is the first to use a particular mark to identify his goods or services in a given market, and so long as that owner continues to make use of the mark, he is "entitled to prevent others from using the mark to describe their own goods" in that market. *Defiance Button Mach. Co. v. C & C Metal Prods. Corp.*, 759 F.2d 1053, 1059 (2d Cir. 1985); *see also Sengoku Works v. RMC Int'l*, 96 F.3d 1217, 1219 (9th Cir. 1996) ("It is axiomatic in trademark law that the standard test of ownership is priority of use.").

If, however, an owner ceases to use a mark without an intent to resume use in the reasonably foreseeable future, the mark is said to have been "abandoned." *See Silverman v. CBS, Inc.*, 870 F.2d 40, 45 (2d Cir. 1989); 2 J. Thomas

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[8] While the Lanham Act permits a person who has a bona fide intention to use a mark in commerce to apply to register the mark before actually using it in commerce, *see* 15 U.S.C. § 1051(b), the registrant must within six months file a verified statement that the mark has been used in commerce for the registration to be effective, *see id.* § 1051(d); *see also WarnerVision Entm't v. Empire of Carolina*, 101 F.3d 259, 260 (2d Cir. 1996) (discussing registration of marks intended for use in commerce).

McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 17:5, at 17-8 (4th ed. 2002) (observing that "abandonment" refers to situations involving the "non-use of a mark, coupled with an express or implied intention to abandon or not to resume use"). Once abandoned, a mark returns to the public domain and may, in principle, be appropriated for use by other actors in the marketplace, *see Indianapolis Colts, Inc. v. Metro. Baltimore Football Club Ltd.* P'ship, 34 F.3d 410, 412 (7th Cir. 1994), in accordance with the basic rules of trademark priority, *see Manhattan Indus., Inc. v. Sweater Bee by Banff, Ltd.*, 627 F.2d 628, 630 (2d Cir. 1980).

2. Demonstrating Abandonment

The party asserting abandonment bears the burden of persuasion with respect to two facts: (1) non-use of the mark by the legal owner, and (2) lack of intent by that owner to resume use of the mark in the reasonably foreseeable future. *See* 15 U.S.C. § 1127; *Stetson v. Howard D. Wolf & Assocs.*, 955 F.2d 847, 850 (2d Cir. 1992); *Silverman v. CBS, Inc.*, 870 F.2d at 45; *see also On-Line Careline, Inc. v. America Online, Inc.*, 229 F.3d 1080, 1087 (Fed. Cir. 2000) (placing burden of persuasion on party seeking cancellation on ground of abandonment); *Warner Bros. Inc. v. Gay Toys, Inc.*, 724 F.2d 327, 334 (2d Cir. 1983) (placing burden of persuasion on party asserting abandonment as defense).

ITC concedes that defendants satisfied the first element through proof that ITC has not used the Bukhara mark for restaurant services in the United States since August 28, 1997. Nevertheless, ITC insists that a triable issue of fact exists with respect to its intent to resume use of the service mark in the United States. To the extent the district court concluded otherwise, ITC submits the court applied an incorrect legal standard. To explain why we are not persuaded

by this argument, we begin by discussing the particular legal significance of non-use of a registered mark for a period of at least three years.

3. *Prima Facie* Evidence of Abandonment

The Lanham Act expressly states that "[n]onuse" of a mark "for 3 consecutive years shall be prima facie evidence of abandonment." *15 U.S.C. § 1127.* This court has explained that the term "prima facie evidence" in this context means "a rebuttable presumption of abandonment." *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1044 (2d Cir. 1980); *accord Silverman v. CBS, Inc.*, 870 F.2d at 45.

The role played by such a presumption is best understood by reference to *Rule 301 of the Federal Rules of Evidence*:

> In all civil actions and proceedings not otherwise provided for by Act of Congress or by these rules, a presumption imposes on the party against whom it is directed the burden of going forward with evidence to rebut or to meet the presumption, but does not shift to such party the burden of proof in the sense of the risk of non-persuasion, which remains throughout the trial upon the party on whom it was originally cast.

Fed. R. Evid. 301. Although the term "presumption" is not specifically defined in the Rules of Evidence, it is generally understood to mean "an assumption of fact resulting from a rule of law which requires such fact to be assumed from another fact or group of facts found or otherwise established in the action." 21B Charles Alan Wright & Kenneth W. Graham, Jr., *Federal Practice and Procedure* § 5124 (2d ed. 2005); *accord* Joseph M. McLaughlin, Jack B. Weinstein & Margaret A. Berger, *Weinstein's Federal Evidence*

§ 301.02[1] (2d ed. 2006); *see also Texas Dep't of Cmty. Affairs v. Burdine*, 450 U.S. 248, 256 n.10, 101 S. Ct. 1089, 67 L. Ed. 2d 207 (1981) (describing presumption as "legally mandatory inference"). The assumption ceases to operate, however, upon the proffer of contrary evidence. *See generally A.C. Aukerman Co. v. R.L. Chaides Constr. Co.*, 960 F.2d 1020, 1037 (Fed. Cir. 1992) (observing that under Rule 301, a "presumption is not merely rebuttable but completely vanishes upon the introduction of evidence sufficient to support a finding of the nonexistence of the presumed fact"); *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d at 1043 (suggesting that presumption of abandonment "disappears when rebutted by contrary evidence").

Thus, in this case, the statutory presumption of abandonment requires that one fact, *i.e.*, abandonment, be inferred from another fact, *i.e.*, non-use of the mark for three years or more. The significance of a presumption of abandonment is to shift the burden of production to the mark owner to come forward with evidence indicating that, despite three years of non-use, it intended to resume use of the mark within a reasonably foreseeable time. *See Imperial Tobacco, Ltd. v. Philip Morris, Inc.*, 899 F.2d 1575, 1579 (Fed. Cir. 1990) (noting that triggering of presumption "eliminates the challenger's burden to establish the [lack of] intent [to resume use] element of abandonment as an initial part of its case"); *see also Cumulus Media, Inc. v. Clear Channel Commc'ns*, 304 F.3d 1167, 1176-77 (11th Cir. 2002); *On-Line Careline, Inc. v. America Online, Inc.*, 229 F.3d at 1087. The ultimate burden of persuasion on the issue of abandonment, however, remains at all times with the alleged infringer. *See Emergency One, Inc. v. American FireEagle, Ltd.*, 228 F.3d 531, 536 (4th Cir. 2000).

4. The Evidence Necessary to Defeat a Presumption of Abandonment

This court has observed that "to overcome a presumption of abandonment after a sufficiently long period of non-use, a defendant need show only an intention to resume use 'within the reasonably foreseeable future.'" *Empresa Cubana del Tabaco v. Culbro Corp.*, 399 F.3d 462, 468 n.2 (2d Cir. 2005) (quoting *Silverman v. CBS, Inc.*, 870 F.2d at 45). ITC submits that the district court erred in imposing a stricter standard, specifically requiring ITC to adduce "'objective, hard evidence of actual concrete plans to resume use in the reasonably foreseeable future when the conditions requiring suspension abate'" to defeat defendants' summary judgment motion. *ITC Ltd. v. Punchgini, Inc.*, 373 F. Supp. 2d at 280 (quoting *Emmpresa Cubana del Tabaco v. Culbro Corp.*, 213 F. Supp. 2d 247, 268-69 (S.D.N.Y. 2002)).

This court has, in fact, criticized the particular language quoted by the district court, observing that such a "heavy burden" is not required by our precedent. *See Empresa Cubana del Tabaco v. Culbro Corp.*, 399 F.3d at 467 n.2. Courts and commentators are in general agreement that proffered evidence is "sufficient" to rebut a presumption as long as the evidence could support a reasonable jury finding of "the nonexistence of the presumed fact." *Wanlass v. Fedders Corp.*, 145 F.3d 1461, 1464 (Fed. Cir. 1998); *see also* McLaughlin, Weinstein & Berger, *supra*, § 301.02[3][c] (stating that "the opponent of a presumed fact, in order to rebut, generally has the burden of presenting evidence so that a reasonable jury could be convinced of the non-existence of the presumed fact"); Wright & Graham, *supra*, § 5126 ("Most writers . . . interpret 301 to require that rebutting evidence suffice to support a finding of the non-existence of the presumed fact."). In short, upon defendants' presentation

of evidence establishing a *prima facie* case of abandonment under the Lanham Act, ITC was required to come forward only with such contrary evidence as, when viewed in the light most favorable to ITC, would permit a reasonable jury to infer that it had not abandoned the mark. Specifically, it needed to adduce sufficient evidence to permit a reasonable jury to conclude that, in the three-year period of non-use -- from August 28, 1997, when ITC terminated the Chicago Bukhara franchise, to August 28, 2000 -- ITC nevertheless maintained an intent to resume use of its registered mark in the reasonably foreseeable future.[9] *See Silverman v. CBS, Inc.*, 870 F.2d at 47; *accord Empresa Cubana del Tabaco v. Culbro Corp.*, 399 F.3d at 467 n.2. Hard evidence of concrete plans to resume use of the mark would certainly carry this burden. But we do not foreclose the possibility that other circumstances, viewed in the light most favorable to the non-movant, might also support the necessary jury inference

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[9] Although we have not previously stated specifically that a mark holder's intent to resume use of the mark must be formulated during the three-year period of non-use, we do so now, noting that two other circuit courts have also reached this conclusion. *See, e.g., Imperial Tobacco, Ltd. v. Philip Morris, Inc.*, 899 F.2d at 1580-81 [Fed. Cir.] (expressly recognizing that intent must be formulated during non-use period); *Emergency One, Inc. v. American FireEagle*, Ltd., 228 F.3d at 537 [4th Cir.] (same). Indeed, we think this conclusion follows naturally from the fact that an abandoned mark may be appropriated for use by other actors in the marketplace. An intent to resume use of the mark formulated after more than three years of non-use cannot be invoked to dislodge the rights of another party who has commenced use of a mark -- thereby acquiring priority rights in that mark -- after three years of non-use. We do not, however, foreclose the use of evidence arising *after* the relevant three-year period to demonstrate an intent *within* that period to resume use.

of intent. *See, e.g., Geneva Pharms. Tech. Corp. v. Barr Labs, Inc.*, 386 F.3d 485, 506 (2d Cir. 2004) (looking to totality of circumstances to infer intent).

5. Defendants' Entitlement to Summary Judgment

a. The District Court Did Not Apply an Incorrect Standard

Applying these principles to this case, we preliminarily observe that, despite the language cited by ITC, the district court does not appear to have based its summary judgment award on a too strict evidentiary standard of rebuttal with respect to the presumption of abandonment. To the contrary, the district court's ruling, when considered in its entirety, reveals a careful review of the totality of the evidence adduced by ITC and a correct conclusion that no circumstances were adduced from which a reasonable jury could infer that, during the relevant three-year period of non-use, ITC nevertheless intended to resume use of the registered mark in the United States in the reasonably foreseeable future. *See ITC Ltd. v. Punchgini, Inc.*, 373 F. Supp. 2d at 280 (stating that ITC had "failed to come forward with any evidence of . . . 'activities it engaged in during the nonuse period . . . from which an intent to resume use . . . may be reasonably inferred' . . . to rebut the statutory presumption of abandonment at trial" (quoting *Imperial Tobacco, Ltd. v. Philip Morris, Inc.*, 899 F.2d at 1580)).

Even if the district court had applied an erroneous standard, however, we would still affirm its judgment if, upon applying the proper standard on our own review of the record, we were to identify no genuine issue of material fact requiring trial. *See Baker v. Home Depot*, 445 F.3d 541, 546 (2d Cir. 2006) (noting that we may affirm a district court

decision on any grounds for which there is a record sufficient to permit conclusions of law); *Stetson v. Wolf, 955 F.2d at 850* (observing in abandonment case that "[a]n appellate court has the power to decide cases on appeal if the facts in the record adequately support the proper result"). This is such a case.

b. ITC's Failure to Adduce Evidence from Which a Reasonable Jury Could Infer Intent to Resume Use

As this court has recognized, "intent is always a subjective matter of inference and thus rarely amenable to summary judgment." *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d at 1044. At the same time, however, "'[t]he summary judgment rule would be rendered sterile . . . if the mere incantation of intent or state of mind would operate as a talisman to defeat an otherwise valid motion.'" *Distasio v. Perkin Elmer Corp.*, 157 F.3d 55, 61-62 (2d Cir. 1998) (quoting *Meiri v. Dacon*, 759 F.2d 989, 997 (2d Cir. 1985)). The latter point is particularly relevant in the context of an abandonment dispute, because "[i]n every contested abandonment case, the respondent denies an intention to abandon its mark; otherwise there would be no contest." *Imperial Tobacco, Ltd. v. Philip Morris, Inc.*, 899 F.2d at 1581. Thus, courts have generally held that a trademark owner cannot rebut a presumption of abandonment merely by asserting a subjective intent to resume use of the mark at some later date. *See Vais Arms, Inc. v. Vais*, 383 F.3d 287, 294 (5th Cir. 2004) ("At most, [the mark owner's] affidavit establishes only his subjective, uncommunicated desire not to abandon the mark, without any indication of when or how he intended to resume its commercial use; it does not establish a genuine issue as to his intent to abandon."); *Emergency One, Inc. v. American FireEagle, Ltd.*, 228 F.3d at 537 ("[T]he

owner of a trademark cannot defeat an abandonment claim . . . by simply asserting a vague, subjective intent to resume use of a mark at some unspecified future date."); *Imperial Tobacco, Ltd. v. Philip Morris*, Inc., 899 F.2d at 1581 ("An averment of no intent to abandon is little more than a denial in a pleading, which is patently insufficient to preclude summary judgment on the ground the facts are disputed."); *see also Silverman v. CBS, Inc.*, 870 F.2d at 47 ("A bare assertion of possible future use is not enough."). Rather, to rebut a presumption of abandonment on a motion for summary judgment, the mark owner must come forward with evidence "with respect to . . . what outside events occurred from which an intent to resume use during the nonuse period may reasonably be inferred." *Imperial Tobacco, Ltd. v. Philip Morris, Inc.*, 899 F.2d at 1581; *accord Emergency One, Inc. v. American FireEagle, Ltd.*, 228 F.3d at 537-38; *see also Silverman v. CBS, Inc.*, 870 F.2d at 47 (noting that presumption of abandonment can be rebutted "by showing reasonable grounds for the suspension and plans to resume use in the reasonably foreseeable future when the conditions requiring suspension abate"[10]).

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[10] The two factors identified in *Silverman* are not distinct but intertwined. A mark owner's reason for suspending use of a mark is relevant to abandonment analysis only as circumstantial evidence shedding possible light on his intent to resume future use within a reasonable period of time. In short, not every "reasonable suspension" will necessarily rebut a presumption of abandonment. *See Silverman v. CBS, Inc.*, 870 F.2d at 47 (observing that "however laudable one might think CBS's motives to be, such motives cannot overcome the undisputed fact that CBS has not used its mark for more than 20 years and that, even now, it has no plans to resume [its] use in the reasonably foreseeable future," and

ITC argues that four facts would allow a reasonable factfinder to infer its intent to resume use of the Bukhara mark for restaurants in the United States: (1) the reasonable grounds for its suspension of use of the mark, (2) its efforts to develop and market a Dal Bukhara line of packaged food, (3) its attempts to identify potential United States restaurant franchisees, and (4) its continued use of the Bukhara mark for restaurants outside the United States. We are not persuaded.

(1) Grounds for Suspending Use

ITC advances two reasons for suspending use of the Bukhara mark in the United States from 1997 to 2000: (a) Indian regulations requiring it to return profits earned abroad severely hindered its ability to open and operate profitable Bukhara restaurants in the United States, and (b) depressed market conditions in the hospitality industry from 1988 to 2003 inhibited its development of franchise partnerships in the United States. Because these reasons are unsupported by record evidence, they plainly cannot demonstrate the requisite intent.[11]

As to the first point, the record indicates that many of the Indian regulations cited by ITC had been in effect since 1973. Clearly, these regulations did not prevent ITC from opening its Bukhara restaurant in New York in 1986 or from licensing

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further noting that "we see nothing in the statute that makes the consequence of an intent not to resume use turn on the worthiness of the motive for holding such intent").

[11] We do not decide whether such allegations, if supported by evidence, would permit any inference of ITC's intent to resume use of the Bukhara mark for restaurants in the foreseeable future. We note only that the conclusion is by no means obvious.

a Bukhara restaurant in Chicago in 1987. Although ITC submits that the regulations were a significant factor in the failure of these two restaurants, no evidence was adduced to support this conclusory assertion. *See generally Bridgeway Corp. v. Citibank*, 201 F.3d 134, 142 (2d Cir. 2000) (holding that conclusory statements, conjecture, and inadmissible evidence are insufficient to defeat summary judgment). Indeed, the record is to the contrary. When, at deposition, an ITC corporate representative was asked why the New York Bukhara closed, he replied simply that the restaurant was highly leveraged and unable to meet its debt obligations. He made no mention of any Indian regulations. Similarly, the letter by which ITC terminated its Chicago license agreement referenced only the franchisee's failure to pay fees owed to ITC, making no mention of Indian regulations.

Further, ITC fails to explain how Indian regulations, which ITC claims applied to any business operated outside India, hindered its use of the Bukhara mark for restaurants in the United States between 1997 and 2000 but permitted it to open a Bukhara restaurant in the United Arab Emirates in 1998. To the extent ITC argues that the regulations limited its options by effectively requiring it to partner exclusively with well-established hotels, it offers no evidence that hotels in the United States were unreceptive to such a partnership arrangement.

With respect to ITC's argument that a market decline in the hospitality industry between 1988 and 2003 explains its non-use of the mark, the record indicates only a decline in India and the overseas market. ITC proffered no evidence

demonstrating a decline in the United States hospitality market during the relevant 1997-2000 period of non-use.[12]

(2) Marketing Dal Bukhara Food Products

ITC points to only one piece of evidence during the relevant 1997-2000 period indicating its intent to use the name Bukhara in connection with packaged foods: the minutes from a July 27, 2000 corporate management committee meeting in India, which approved an initiative to market food products under the name "Bukhara Dal." Significantly, the minutes nowhere indicate ITC's intent to market this product in the United States, much less ITC's intent to resume use of the Bukhara mark for restaurants in this country. Accordingly, we conclude that the minutes, by themselves, are insufficient to create a genuine issue of material fact as to ITC's intent to resume use of its registered service mark in the United States.

The remaining evidence adduced by ITC all post-dates the relevant 1997-2000 period of non-use. Specifically, in 2001, ITC commissioned a study regarding the marketing of packaged food bearing the Bukhara mark in the United States. That same year, ITC filed trademark applications for several marks containing the word "Bukhara" in relation to packaged

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[12] Indeed, there is no reason to think plaintiffs could make such a showing with respect to the New York hospitality market, which experienced considerable growth during the period 1997-2000. *See* John Holusha, "Commercial Property; An Up Cycle Just Keeps Rolling," *The New York Times* 11:1 (Sept. 24, 2000) (noting historically high occupancy rates in city hotels with 13% growth in first half of year); cf. Marian Burros, "Waiter, Hold the Foie Gras: Slump Hits New York Dining," *The New York Times* A:1 (Sept. 4, 2001) (noting, in 2001, first signs of decline in city's 10-year restaurant boom).

food products. Not until 2003 did ITC actually showcase its packaged food line at a New York trade show or sell these products to two United States distributors. These acts, all occurring well after 2000 and suggesting future use of the Bukhara mark for a product other than restaurants, are insufficient to support the necessary inference that, *in the non-use period*, ITC maintained an intent to resume use of the mark for restaurants in the United States in the reasonably foreseeable future.

(3) Identifying Bukhara Franchisees

ITC argues that evidence of its discussions with various persons about expanding the Bukhara restaurant franchise to New York, California, and Texas creates a jury issue as to its intent to resume use of its registered mark within a reasonably foreseeable time. In fact, the only evidence of these so-called "discussions" is a few facsimiles, e-mails, and letters sent *to* ITC over a five-year period from 1998 to 2002. There is no evidence that ITC initiated any of these contacts. More to the point, no evidence indicates that ITC responded to or seriously considered these unsolicited proposals in a manner that would permit a reasonable jury to infer its intent to resume use of its Bukhara mark for restaurants. As such, these communications, even when viewed in the light most favorable to ITC, do not give rise to a material question of fact on the issue of ITC's intent to resume use of its registered mark.

ITC submits that record evidence also reveals its negotiations to expand the Bukhara restaurant brand into Starwood hotels. The proffered evidence consists of (1) a 2002 letter from Starwood's Asia-Pacific headquarters indicating a general interest in operating Bukhara restaurants in some of its hotels outside India, and (2) a 2004 story from

an Indian newspaper about ITC's intent to open Bukhara restaurants in London and Tokyo. Neither document references the possible opening of a Bukhara restaurant in the United States. Moreover, both the letter and the news story post-date the 1997-2000 period of non-use that gives rise to the presumption of abandonment, and they make no mention of any intent to resume use arising during this critical time frame. Accordingly, this evidence is insufficient to raise a material issue of fact.

(4) Bukhara Restaurants Outside the United States

Finally, ITC cites *La Societe Anonyme des Parfums le Galion v. Jean Patou, Inc.* to support its argument that the continued operation of its Bukhara restaurants outside the United States demonstrates "an ongoing program to exploit the mark commercially," giving rise to an inference of an intent to resume the mark's use in this country, 495 F.2d 1265, 1272 (2d Cir. 1974). In fact, ITC's reliance on *Societe Anonyme* is misplaced. In that case, this court ruled that a "meager trickle" of perfume sales within the United States -- 89 bottles sold over a period of 20 years -- was insufficient to establish trademark rights in the United States. *Id.* Nothing in that case suggests that ongoing foreign use of a mark, by itself, supports an inference that the owner intends to re-employ a presumptively abandoned mark in the United States. *Cf. id.* at 1271 n.4 (noting "well-settled" view "that foreign use is ineffectual to create trademark rights in the United States"). Indeed, we identify no authority supporting that conclusion.

Accordingly, like the district court, we conclude that ITC's continued foreign use of the Bukhara mark for restaurants does not raise a material issue of fact regarding its

intent to resume similar use of the mark in the United States. Because ITC plainly abandoned its right to the Bukhara mark for restaurant services in the United States, we affirm the award of summary judgment in favor of defendants on ITC's federal and state infringement claims.

C. Unfair Competition

1. Federal Claim Under Section 43(a)(1)(A) of the Lanham Act

ITC claims that defendants violated section 43(a)(1)(A) of the Lanham Act by engaging in unfair competition in the use of its Bukhara mark and its related trade dress.[13] Section 43(a)(1)(A) allows the producer of a product or service to initiate a cause of action against a person who uses "any word, term name, symbol, or device, or any combination thereof . . . which . . . is likely to cause confusion . . . as to the origin, sponsorship, or approval of [the producer's] . . . services." 15 U.S.C. § 1125(a)(1)(A). This protection is broader than that afforded by section 32(1)(a), which prohibits only infringement of marks actually registered with the Patent and Trademark Office. *See Two Pesos v. Taco Cabana*, 505 U.S. 763, 768, 112 S. Ct. 2753, 120 L. Ed. 2d 615 (1992) ("Section 43(a) prohibits a broader range of

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[13] In its amended complaint, ITC also asserted an unfair competition claim under section 44(h) of the Lanham Act. *See* 15 U.S.C. § 1126(h). The district court did not explicitly pass on this claim in dismissing the entirety of ITC's complaint, and ITC does not press it on this appeal. Accordingly, we deem any such claim waived, *see Burkybile v. Bd. of Educ. of Hastings-on-Hudson Union*, 411 F.3d 306, 308 n.1 (2d Cir. 2005), and we treat ITC's unfair competition claim as having been brought solely under section 43(a).

practices than does § 32, which applies to registered marks, but it is common ground that § 43(a) protects qualifying unregistered trademarks" (internal citations and quotation marks omitted)); *accord Chambers v. Time Warner, Inc.*, 282 F.3d 147, 155 (2d Cir. 2002).

To succeed on a section 43(a)(1)(A) claim, a plaintiff must prove (1) that the mark or dress is distinctive as to the source of the good or service at issue, and (2) that there is the likelihood of confusion between the plaintiff's good or service and that of the defendant. *See Yurman Design, Inc. v. PAJ, Inc.*, 262 F.3d 101, 115 (2d Cir. 2001) (citing *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 210, 120 S. Ct. 1339, 146 L. Ed. 2d 182 (2000)); *see also Two Pesos v. Taco Cabana,* 505 U.S. at 768; *Louis Vuitton Malletier v. Dooney & Bourke, Inc.*, 454 F.3d 108, 115 (2d Cir. 2006). Preliminary to making this showing, however, a plaintiff must demonstrate its own right to use the mark or dress in question. *See Planetary Motion, Inc. v. Techsplosion, Inc.*, 261 F.3d 1188, 1193 (11th Cir. 2001) (stating that plaintiff must show "that it had prior rights to the mark at issue" in order to prevail in a section 43(a) claim); *Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96, 103 (5th Cir. 1983) (stating that where a section 43(a) claim is based on alleged ownership of a mark, it is necessary to consider "[w]hether the mark has been abandoned" before considering merits of claim); *P. Daussa Corp. v. Sutton Cosmetics (P. R.), Inc.*, 462 F.2d 134, 136 (2d Cir. 1972) ("To be entitled to relief, however, [plaintiff] must show not only confusing similarity, but priority of right over [defendant] to the use of the [plaintiff's] mark.").

In light of our conclusion that, as a matter of law, ITC abandoned its registered Bukhara mark as of August 28, 2000, ITC confronts a high hurdle in demonstrating that, at

the time of defendants' challenged actions, it possessed a priority right to the use of the Bukhara mark and related trade dress for restaurants in the United States. *See Vais Arms, Inc. v. Vais*, 383 F.3d at 292 n.8 (noting that "abandonment results in a break in the chain of priority") (quoting 2 McCarthy, *supra*, § 17:4); *Emergency One, Inc. v. American Fire Eagle Engine Co., 332 F.3d 264, 268 (4th Cir. 2003)* ("The priority to use a mark . . . can be lost through abandonment."); *see also Exxon Corp. v. Humble Exploration Co.*, 695 F.2d at 103-04 (observing that it would be "incongruous" to allow plaintiff who had abandoned mark to successfully sue defendant for false designation or representation of origin). To clear this hurdle, ITC invokes the famous marks doctrine. It submits that, because (1) since 1977, it has continuously used its Bukhara mark and trade dress outside the United States; and (2) that mark was renowned in the United States before defendants opened their first Bukhara Grill restaurant in New York in 1999, it has a priority right to the mark sufficient to claim section 43(a)(1)(A) protection in this country.

To explain why we disagree, we begin by discussing the principle of trademark territoriality. We then discuss the famous marks exception to this principle and the international treaties, implementing legislation, and policy concerns relied on by ITC in urging the application of this exception to this case.

a. The Territoriality Principle

The principle of territoriality is basic to American trademark law. *See American Circuit Breaker Corp. v. Or. Breakers, Inc.*, 406 F.3d 577, 581 (9th Cir. 2005); *Kos Pharms., Inc. v. Andrx Corp.*, 369 F.3d 700, 714 (3d Cir. 2004); *Buti v. Impressa Perosa, S.R.L.*, 139 F.3d 98, 103 (2d

Cir. 1998); *Person's Co. v. Christman*, 900 F.2d 1565, 1568-69 (Fed. Cir. 1990). As our colleague, Judge Leval, has explained, this principle recognizes that

> a trademark has a separate legal existence under each country's laws, and that its proper lawful function is not necessarily to specify the origin or manufacture of a good (although it may incidentally do that), but rather to symbolize the domestic goodwill of the domestic markholder so that the consuming public may rely with an expectation of consistency on the domestic reputation earned for the mark by its owner, and the owner of the mark may be confident that his goodwill and reputation (the value of the mark) will not be injured through use of the mark by others in domestic commerce.

Osawa & Co. v. B & H Photo, 589 F. Supp. 1163, 1171-72 (S.D.N.Y. 1984).[14]

Precisely because a trademark has a separate legal existence under each country's laws, ownership of a mark in

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[14] The "territoriality principle" stands in contrast to the so-called "universality principle," which posits that "if a trademark [is] lawfully affixed to merchandise in one country, the merchandise would carry that mark lawfully wherever it went and could not be deemed an infringer although transported to another country where the exclusive right to the mark was held by someone other than the owner of the merchandise." *Osawa & Co. v. B & H* Photo, 589 F. Supp. at 1171. The universality principle has been rejected in American trademark law. *See American Circuit Breaker Corp. v. Or. Breakers, Inc.*, 406 F.3d at 581 (citing *A. Bourjois & Co. v. Katzel*, 260 U.S. 689, 43 S. Ct. 244, 67 L. Ed. 464, 1923 Dec. Comm'r Pat. 649 (1923)).

one country does not automatically confer upon the owner the exclusive right to use that mark in another country. Rather, a mark owner must take the proper steps to ensure that its rights to that mark are recognized in any country in which it seeks to assert them. *Cf. Barcelona.com, Inc. v. Excelentisimo Ayuntamiento de Barcelona*, 330 F.3d 617, 628 (4th Cir. 2003) ("United States courts do not entertain actions seeking to enforce trademark rights that exist only under foreign law."); *E. Remy Martin & Co., S.A. v. Shaw-Ross Int'l Imports, Inc.*, 756 F.2d 1525, 1531 (11th Cir. 1985) ("Our concern must be the business and goodwill attached to United States trademarks, not French trademark rights under French law." (internal quotation marks omitted)).

As we have already noted, United States trademark rights are acquired by, and dependent upon, priority of use. *See supra* at **[12-13]**. The territoriality principle requires the use to be in the United States for the owner to assert priority rights to the mark under the Lanham Act. *See Buti v. Impressa Perosa, S.R.L.*, 139 F.3d at 103 (noting that "Impressa's registration and use of the Fashion Cafe name in Italy has not, given the territorial nature of trademark rights, secured it any rights in the name under the Lanham Act"); *La Societe Anonyme des Parfums le Galion v. Jean Patou, Inc.*, 495 F.2d at 1271 n.4 ("It is well-settled that foreign use is ineffectual to create trademark rights in the United States."); *see also Le Blume Import Co. v. Coty*, 293 F. 344, 350 (2d Cir. 1923) (observing that "the protection of a trade-mark in the United States is not to be defeated by showing a prior use of a like trade-mark in France, or in some other foreign country" so long as "the one claiming protection is able to show that he was first to use it in this country"); *cf. Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 391 F.3d 1088, 1093 (9th Cir. 2004) (stating general proposition that "priority of trademark rights in the United States depends solely upon

priority of use in the United States, not on priority of use anywhere in the world," although recognizing famous marks doctrine as an exception to territoriality principle (quoting 4 McCarthy, *supra*, § 29:2, at 29-6)). ***But see International Bancorp, LLC v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco***, 329 F.3d 359, 381 (4th Cir. 2003) (concluding that United States trademark rights can be acquired merely through advertising in the United States combined with rendering of services abroad to American customers). Thus, absent some use of its mark in the United States, a foreign mark holder generally may not assert priority rights under federal law, even if a United States competitor has knowingly appropriated that mark for his own use. ***See Person's Co. v. Christman***, 900 F.2d at 1569-70 (holding that foreign use is not sufficient to establish priority rights even over a United States competitor who took mark in bad faith).

b. The Famous Marks Doctrine as an Exception to the Territoriality Principle

ITC urges us to recognize an exception to the territoriality principle for those foreign marks that, even if not used in the United States by their owners, have achieved a certain measure of fame within this country.

(1) Origin of the Famous Marks Doctrine

The famous marks doctrine is no new concept. It originated in the 1925 addition of Article 6*bis* to the Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, as rev. at Stockholm, July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305 ("Paris Convention"). Article 6*bis*, which by its terms applies only to trademarks, requires member states

> ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.

Paris Convention, art. 6*bis*.[15] One commentator has observed that the "purpose" of Article 6*bis* "is to avoid the registration and use of a trademark, liable to create confusion with another mark already well known in the country of such registration or use, although the latter well-known mark is not, or not yet, protected in that country by a registration which would normally prevent the registration or use of the conflicting mark." G.H.C. Bodenhausen, *Guide to the Application of the Paris Convention for the Protection of Industrial Property* 90 (1968).

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[15] The reach of Article 6*bis* was extended to service marks by Article 16(2) of the Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPs"), *see generally* Uruguay Round Agreements Act, Pub. L. No. 103-465, 108 Stat. 4809 (1994) (codified as amended at scattered sections of the United States Code), which states that "Article 6*bis* of the Paris Convention shall apply, *mutatis mutandis*, to services."

(2) The Famous Marks Doctrine in the United States

(a) State Common Law

The famous marks doctrine appears first to have been recognized in the United States by a New York trial court in a common law action for unfair competition in the use of a trademark. *See Maison Prunier v. Prunier's Rest. & Cafe*, 159 Misc. 551, 557-58, 288 N.Y.S. 529, 535-36 (N.Y. Sup. Ct. 1936). The owner of "Maison Prunier," a Paris restaurant with a branch in London, sought to enjoin defendants' operation of a New York City restaurant named "Prunier's Restaurant and Cafe." The New York restaurant had apparently adopted both the Paris restaurant's name and slogan (*"Tout ce qui vient de la mer"*[16]) and boldly advertised itself as "The Famous French Sea Food Restaurant." While the French plaintiff conceded that it had never operated a restaurant in the United States, it nevertheless sought relief for the unauthorized use of its name and mark under the common law of unfair competition.

In ruling in favor of the plaintiff, the trial court first observed that "the right of a French corporation to sue here for protection against unfair competition was expressly granted in [Article 10*bis* of] the [Paris] convention between the United States and various other powers for the protection of industrial property." *Id.* at 554, 288 N.Y.S. at 532.[17] It then ruled that "actual competition in a product is not

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[16] "Everything that comes from the sea."

[17] Article 10*bis* of the Paris Convention requires member states to "assure to nationals [of other member states] effective protection against unfair competition." Paris Convention, art. 10*bis*.

essential to relief under the doctrine of unfair competition." *Id.* at 555, 288 N.Y.S. at 533. The plaintiff was entitled to protection from "'any injury which might result to it from the deception of the public through the unauthorized use of its trade name, or a trade name which would lead the public to believe that it was in some way connected with the plaintiff.'" *Id.* at 556, 288 N.Y.S. at 534 (quoting *Long's Hat Stores Corp. v. Long's Clothes, Inc.*, 224 A.D. 497, 498, 231 N.Y.S. 107, 107 (1st Dep't 1928)). Although the court acknowledged the general rule of territoriality, *see id.* at 557, 288 N.Y.S. at 535 (noting no "right to protection against the use of a trade-mark or trade name beyond the territory in which it operates"), it recognized an exception to the rule where the second user was guilty of bad faith, *see id.* at 557-58, 288 N.Y.S. at 536-37. The court identified the fame of the mark as a factor relevant to deciding whether the second user had, in good faith, made use of a mark without knowing of its prior use by another party. *See id.* at 559, 288 N.Y.S. at 537. The *Prunier* court concluded that the French plaintiff was entitled to protection against unfair competition because its trademark enjoyed "wide repute" and the facts of the case indicated a total lack of good faith on the part of the defendants. *Id.* at 559, 288 N.Y.S. at 537. The basis of this holding, it should be noted, was not Article 6*bis* of the Paris Convention. Instead, the holding was based entirely on New York common law principles of unfair competition.

More than twenty years later, in *Vaudable v. Montmartre, Inc.*, 20 Misc. 2d 757, 193 N.Y.S.2d 332 (N.Y. Sup. Ct. 1959), another New York trial court granted a different Paris restaurant, "Maxim's," injunctive relief against a New York City restaurant that had appropriated its name, decor, and distinctive script style, all without permission. The court concluded that the lack of direct competition between the two restaurants was "immaterial" to a common law claim for

unfair competition. *Id.* at 759, 193 N.Y.S.2d at 335. The only relevant question was whether "there had been a misappropriation, for the advantage of one person, of a property right belonging to another." *Id.* at 759, 193 N.Y.S.2d at 335. Noting that the Paris Maxim's had been in continuous operation since 1946, when it reopened after World War II, the court concluded that its owners had priority rights as against the junior American user by virtue of (1) their uninterrupted use of the mark abroad, and (2) the fame of the "Maxim's" mark among "the class of people residing in the cosmopolitan city of New York who dine out." *Id.* at 758, 193 N.Y.S.2d at 334.

(b) Federal Actions

(i) Trademark Board Rulings

A quarter century later, the federal Trademark Trial and Appeal Board ("Trademark Board") invoked *Vaudable's* recognition of the famous marks doctrine in several inter partes proceedings.[18] *In Mother's Rests., Inc. v. Mother's Other Kitchen, Inc.*, the Trademark Board stated in *dictum* that:

> [I]t is our view that prior use and advertising of a mark in connection with goods or services marketed in a foreign country (whether said advertising occurs inside or outside the United States) creates no priority

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[18] The Trademark Board's primary function is to determine whether trademarks are registrable and to conduct opposition and cancellation proceedings by which interested parties can dispute the claims of applicants and registrants. *See* 15 U.S.C. §§ 1051, *1063-64.*

> rights in said mark in the United States as against one who, in good faith, has adopted the same or similar mark for the same or similar goods or services in the United States prior to the foreigner's first use of the mark on goods or services sold and/or offered in the United States at least unless it can be shown that the foreign party's mark was, at the time of the adoption and first use of a similar mark by the first user in the United States, a "famous" mark within the meaning of *Vaudable v. Montmartre, Inc.*

1983 TTAB LEXIS 117, at *8, 218 U.S.P.Q. (BNA) 1046 (T.T.A.B. 1983) (concluding that customers would be likely to confuse the "Mother's Pizza Parlour" trademark with the "Mother's Other Kitchen" trademark) (internal citation omitted).

That same year, the Trademark Board applied the same reasoning in *All England Lawn Tennis Club, Ltd. v. Creative Aromatiques*, 220 U.S.P.Q. 1069 (T.T.A.B. 1983), granting plaintiff's request to block registration of a trademark for "Wimbledon Cologne" even though plaintiff was not itself using the Wimbledon mark on any product sold in the United States. The Trademark Board observed that the Wimbledon mark had "acquired fame and notoriety as used in association with the annual championships within the meaning of *Vaudable*" and that "purchasers of applicant's cologne would incorrectly believe that said product was approved by or otherwise associated with the Wimbledon tennis championships and that allowance of the application would damage opposer's rights to the mark." *Id.* 1983 TTAB LEXIS 117, at *10, 218 U.S.P.Q. (BNA) 1046.

Recently, the Trademark Board has reiterated in *dicta* that owners of well known foreign marks need not use those

marks in the United States to challenge the registration of marks likely to promote confusion on the part of consumers. *See, e.g., First Niagara Ins. Brokers, Inc. v. First Niagara Fin. Group, Inc.*, 2005 TTAB LEXIS 453, at *30-31, 77 U.S.P.Q.2d (BNA) 1334 (2005), *overruled on other grounds by First Niagara Ins. Brokers, Inc. v. First Niagara Fin. Group, Inc.*, No. 06-1202, 2007 U.S. App. LEXIS 367 (Fed. Cir. Jan. 9, 2007).

As this court has frequently observed, Trademark Board decisions, "while not binding on courts within this Circuit, are nevertheless 'to be accorded great weight'" under general principles of administrative law requiring deference to an agency's interpretation of the statutes it is charged with administering. *Buti v. Impressa Perosa S.R.L.*, 139 F.3d at 105 (quoting *Murphy Door Bed Co. v. Interior Sleep Sys., Inc.*, 874 F.2d 95, 101 (2d Cir. 1989)); *see also In re Dr Pepper Co.*, 836 F.2d 508, 510 (Fed. Cir. 1987). In applying this principle to this case, however, we identify a significant concern: nowhere in the three cited rulings does the Trademark Board state that its recognition of the famous marks doctrine derives from any provision of the Lanham Act or other federal law. Indeed, the federal basis for the Trademark Board's recognition of the famous marks doctrine is never expressly stated. Its reliance on *Vaudable* suggests that recognition derives from state common law. At least one Trademark Board member, however, has questioned whether state common law can support recognition of the famous marks doctrine as a matter of federal law:

> [I]t seems to me that the *Vaudable* decision according protection to the famous Maxim's restaurant in the United States . . . is inapplicable in this case since that decision was based on a theory of unfair competition, namely misappropriation, under the law of the State of

> New York. Under Federal law, it seems to me that application of the well-known marks doctrine depends on whether the applicable text of the Paris Convention . . . and, in particular, Article 6*bis* of that Convention, is self-executing [so as to become part of federal law].

Mother's Rests., Inc. v. Mother's Other Kitchen, Inc., 1983 TTAB LEXIS 117, 218 U.S.P.Q. (BNA) 1046, at *21 (Allen, concurring in part, dissenting in part) (internal citations omitted). Because we conclude that the Trademark Board's reliance on state law to recognize the famous marks doctrine falls outside the sphere to which we owe deference, we consider *de novo* the question of that doctrine's existence within federal trademark law.

(ii) Federal Case Law

To date, the Ninth Circuit Court of Appeals is the only federal appeals court to have recognized the famous marks doctrine as a matter of federal law. *See Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 391 F.3d at 1088; *cf. International Bancorp, LLC v. Societe des Bains de Mer et du Cercle des Estrangers a Monaco*, 329 F.3d at 389 n.9 (Motz, J., dissenting) (noting that the famous marks doctrine has been applied so infrequently that its viability is uncertain). In *Grupo Gigante*, 391 F.3d at 1088, the Ninth Circuit considered whether the "Gigante" mark -- registered and used by a large chain of grocery stores in Mexico since 1963 -- was sufficiently well known among Mexican-Americans in Southern California to afford it priority over a competing "Gigante" mark used by a separate chain of Los Angeles grocery stores. In resolving this question, the court ruled:

> [T]here is a famous mark exception to the territoriality principle. While the territoriality principle is a long-standing and important doctrine within trademark law, it cannot be absolute. An absolute territoriality rule without a famous-mark exception would promote consumer confusion and fraud. Commerce crosses borders. In this nation of immigrants, so do people. Trademark is, at its core, about protecting against consumer confusion and "palming off." There can be no justification for using trademark law to fool immigrants into thinking that they are buying from the store they liked back home.

Id. at 1094 (footnotes omitted).

In *Grupo Gigante*, the Ninth Circuit did not reference either the language of the Lanham Act nor Article 6*bis* of the Paris Convention to support recognition of the famous marks doctrine. Indeed, elsewhere in its opinion, the court specifically stated that the Paris Convention creates no "additional substantive rights" to those provided by the Lanham Act. *Id.* at 1100. The court also acknowledged that the famous marks doctrine is not recognized by California state law. *See id.* at 1101 (observing that cases cited by plaintiff "provide no support for the conclusion that use anywhere in the world suffices to establish priority in California"). Thus, it appears that the Ninth Circuit recognized the famous marks doctrine as a matter of sound policy: "An absolute territoriality rule without a famous marks exception would promote customer confusion and fraud." *Id.* at 1094.

This court has twice referenced the famous marks doctrine, but on neither occasion were we required to decide whether it does, in fact, provide a legal basis for acquiring

priority rights in the United States for a foreign mark not used in this country. *See Buti v. Impressa Perosa, S.R.L.*, 139 F.3d at 104 n.2 (referencing *Mother's Restaurant* and *Vaudable* but, in the end, concluding that famous marks doctrine "has no application here given that Impressa has made no claim under that doctrine"); *see also Empresa Cubana del Tabaco v. Culbro Corp.*, 399 F.3d at 481 (declining to decide whether famous marks doctrine should be recognized because "even assuming that the famous marks doctrine is otherwise viable and applicable, the [Cuban] embargo bars [plaintiff] from acquiring property rights in the . . . mark through the doctrine").[19]

District courts in this Circuit have reached varying conclusions about the applicability of the famous marks doctrine to Lanham Act claims. In *Emmpresa Cubana del Tabaco v. Culbro Corp.*, 213 F. Supp. 2d at 283-84, Judge Sweet concluded that the rights identified in Article 6*bis* of the Paris Convention could not be pursued in a section 44(h) claim, but could be pursued under section 44(b).[20] In an unpublished 2005 decision, *De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate, Inc.*, No. 04-civ-4099, 2005 U.S. Dist. LEXIS 9307 (S.D.N.Y. May 18, 2005), Judge Cote characterized the famous marks doctrine as a "controversial common law exception to the territoriality principle," *id.* 2005 U.S. Dist. LEXIS 9307, at *21.

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[19] In *Empresa Cubana*, however, we did observe, in *dictum*, that "[t]o the extent that a foreign entity attempts to utilize the famous marks doctrine as [a] basis for its right to a U.S. trademark and seeks to prevent another entity from using the mark in the United States, the claim should be brought under Section 43(a)." *Id.* at 480 n.10.

[20] *See infra* at **[43-48]**.

Nevertheless, she concluded that rights obtained by the operation of the doctrine at common law could be asserted in a federal unfair competition action filed under *section 43(a)* of the Lanham Act. *See id.* 2005 U.S. Dist. LEXIS 9307, at *25-26; *see also De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate Inc.*, 440 F. Supp. 2d 249 (S.D.N.Y. 2006).

That same year, in *Almacenes Exito S.A. v. El Gallo Meat Market, Inc.*, Judge Rakoff reached a different conclusion, ruling that "[t]o the extent the famous marks doctrine is a creature of common law it may support state causes of action, but it has no place in federal law where Congress has enacted a statute, the Lanham Act, that carefully prescribes the bases for federal trademark claims," 381 F. Supp. 2d 324, 326-27 (S.D.N.Y. 2005) (internal citation omitted). Identifying the territoriality principle as a "bedrock principle of federal trademark law," *id.* at 326, Judge Rakoff concluded that recognition of a famous marks exception represented "such a radical change in basic federal trademark law" that it could "only be made by Congress, not by the courts," *id.* at 328. He specifically rejected the argument advanced here by ITC, *i.e.*, that the Lanham Act itself recognizes a famous marks exception by providing a foreign plaintiff with substantive rights identified in Article 6*bis*. He observed that "the Paris Convention, as incorporated by the Lanham Act, only requires 'national treatment.'" *Id.* at 328 (internal quotation marks omitted). We agree with this analysis for reasons discussed in the next two lettered subsections of this opinion.

(c) Treaties Protecting Famous Marks and United States Implementing Legislation

ITC insists that Article 6*bis* of the Paris Convention, together with Article 16(2) of the Agreement on Trade-

Related Aspects of Intellectual Property Rights ("TRIPs"), *see* Uruguay Round Agreements Act, Pub. L. No. 103-465, 108 Stat. 4809 (1994) (codified as amended at scattered sections of United States Code), provides legal support for its claim to famous marks protection. As previously noted, Article 6*bis* provides for member states to the Paris Convention, upon the request of an interested party,

> to prohibit the use of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods.

Paris Convention, art. 6*bis*. Further, TRIPs Article 16(2) extends Article 6 *bis* to service marks, *see supra* at **[32]** n.15.

At the outset, we observe that ITC does not specifically contend that these two treaty articles are self-executing.[21] While *Vanity Fair Mills v. T. Eaton Co.*, 234 F.2d 633 (2d Cir. 1956), might support such an argument with respect to Article 6*bis* protection of trademarks, *see id.* at 640 (observing in *dictum* that, upon ratification by Congress, the Paris Convention required "no special legislation in the

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[21] Self-executing treaties do not require implementing legislation and become effective as domestic law immediately upon entry into force. Non-self-executing treaties do not become effective as domestic law until implementing legislation is enacted. *See Flores v. S. Peru Copper Corp.*, 414 F.3d 233, 257 n.34 (2d Cir. 2003).

United States . . . to make [it] effective here"),[22] no similar conclusion can extend to Article 16(2) protection of service marks because TRIPs is plainly not a self-executing treaty. *See In re Rath, 402 F.3d 1207, 1209 n.2 (Fed. Cir. 2005)*; *see also* S. Rep. No. 103-412, at 13 (1994) (accompanying the Uruguay Round Agreements Act, Pub. L. No. 103-465, 108 Stat. 4809 (1994)) (stating that TRIPs and other GATT agreements "are not self-executing and thus their legal effect in the United States is governed by implementing legislation"). While Congress has amended numerous federal statutes to implement specific provisions of the TRIPs agreement, it appears to have enacted no legislation aimed directly at Article 16(2).[23]

ITC nevertheless submits that Lanham Act sections 44(b) and (h) effectively incorporate the protections afforded

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[22] *But see International Cafe, S.A.L. v. Hard Rock Cafe Int'l, Inc.*, 252 F.3d 1274, 1277 n.5 (11th Cir. 2001) (concluding that the Paris Convention is not self-executing because, on its face, it provides for effectiveness through domestic implementing legislation).

[23] *See, e.g.*, Pub. L. No. 103-465, 514, 108 Stat. 4809, 4976) (amending 17 U.S.C. § 104A, governing copyrights in restored works, to comport with TRIPs); Pub. L. No. 103-465, 532, 108 Stat. 4809, 4983 (amending 35 U.S.C. § 154, governing United States patents, to comport with TRIPs). Significantly, Congress has enacted legislation to implement TRIPs Article 16(3), which contemplates the extension of anti-dilution protection to certain famous marks. *See* Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, 109 Stat. 985 (1995) (codified at 15 U.S.C. § 1125(c)); *see* H. Rep. 104-374, reprinted in 1995 U.S.C.C.A.N. 1029 (indicating that anti-dilution act was intended to make United States law consistent with terms of TRIPs and Paris Convention). No comparable legislation exists with respect to Article 16(2).

famous marks by the Paris Convention and TRIPs.[24] Appellant's Br. at 14-16 & n.2. ITC's argument is, however, at odds with this court's 2005 ruling in *Empresa Cubana del Tabaco v. Culbro Corporation*, 399 F.3d 462. In that case, we expressly held that the Paris Convention creates no substantive United States rights beyond those independently provided in the Lanham Act:

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[24] Section 44(b) states:

> Any person whose country of origin is a party to any convention or treaty relating to trademarks, trade or commercial names, or the repression of unfair competition, to which the United States is also a party, or extends reciprocal rights to nationals of the United States by law, shall be entitled to the benefits of this section under the conditions expressed herein to the extent necessary to give effect to any provision of such convention, treaty or reciprocal law, in addition to the rights to which any owner of a mark is otherwise entitled by this chapter.

15 U.S.C. § 1126(b).

Section 44(h) states:

> Any person designated in subsection (b) of this section as entitled to the benefits and subject to the provisions of this chapter shall be entitled to effective protection against unfair competition, and the remedies provided in this chapter for infringement of marks shall be available so far as they may be appropriate in repressing acts of unfair competition.

Id. § 1126(h).

> "As other courts of appeals have noted, *the rights articulated in the Paris Convention do not exceed the rights conferred by the Lanham Act*. Instead, we conclude that the Paris Convention, as incorporated by the Lanham Act, only requires 'national treatment.'
>
> National treatment means that foreign nationals should be given the same treatment in each of the member countries as that country makes available to its own citizens. So, *section 44* of the Lanham Act gives foreign nationals the same rights and protections provided to United States citizens by the Lanham Act.

Id. at 485 (emphasis added) (quoting *International Cafe, S.A.L. v. Hard Rock Cafe Int'l, Inc.*, 252 F.3d 1274, 1277-78 (11th Cir. 2001) but omitting internal citations); *see also Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 391 F.3d at 1100 (stating that Paris Convention creates no "additional substantive rights" to those provided by Lanham Act). Although this statement was made in the context of a claim asserting substantive rights under Article 10*bis* of the Paris Convention, the reasoning applies with equal force to claimed famous marks protection under Article 6*bis* and TRIPs Article 16(2) because no famous marks rights are independently afforded by the Lanham Act. *See Almacenes Exito S.A. v. El Gallo Meat Mkt.*, 381 F. Supp. 2d at 327-28.

In reaching this conclusion, we are mindful that one leading commentator urges otherwise. *See* 4 McCarthy, *supra*, § 29:4, at 29-20; *see also Empresa Cubana del Tabaco v. Culbro Corp.*, 399 F.3d at 480 (recognizing McCarthy's view of famous marks doctrine without deciding its correctness). McCarthy concludes that "both the TRIPs Agreement and the Paris Convention Article 6*bis* require the United States to recognize rights" in famous foreign marks,

even if they have not been registered or used in the United States. *See* 4 McCarthy, *supra*, § 29:62, at 29-167. "In the author's view, this international obligation is enforced in the United States by Lanham Act § 44(b) and § 44(h)." *Id.*; *see also id.* § 29:4, at 29-20-21. McCarthy appears to construe the statutory "entitle[ment] to effective protection against unfair competition," conferred by section 44(h), to create a federal right to famous marks protection "'coextensive with the substantive provisions'" of Articles 6*bis* and 16(2). *Id.*, § 29:4, at 29-21 (quoting *Toho Co. v. Sears, Roebuck & Co.*, 645 F.2d 788, 793 (9th Cir. 1981)). We cannot agree.

First, we do not think *Toho* is helpful in determining whether Congress intended to incorporate into the Lanham Act a famous marks exception to the principle of trademark territoriality. The treaty at issue in that case was not the Paris Convention or TRIPs, but a Treaty of Friendship, Commerce and Navigation between the United States and Japan. *See Toho Co. v. Sears, Roebuck & Co.*, 645 F.2d at 792 (citing Treaty of Friendship, Commerce and Navigation, United States-Japan, Apr. 2, 1953, 4 U.S.T. 2063). Further, the right at issue was not United States priority for a foreign mark not used in this country, but a foreign company's right to United States protection against unfair competition for a mark that it *did* use in this country. *See id.* at 789-90 (describing use of "Godzilla" mark in the United States). Even though the Ninth Circuit concluded that, in such circumstances, the foreign mark holder was entitled to the same rights as a domestic counterpart, it did not afford the foreign mark holder any right not already provided in the Lanham Act. Rather, it concluded that "the practical effect of *section 44* and [the Treaty of Friendship, Navigation and Commerce] is

to provide a federal forum in which Toho can pursue its state claims." *Id.* at 793.[25]

Second, and more important, we do not ourselves discern in the plain language of *sections 44(b)* and *(h)* a clear congressional intent to incorporate a famous marks exception into federal unfair competition law. Section 44(b) guarantees foreign mark holders only "the benefits of *this* section . . . to the extent necessary to give effect to any . . . convention, treaty or reciprocal law," as well as the "rights to which any owner of a mark is otherwise entitled *by this chapter.*" *15 U.S.C. § 1126(b)* (emphasis added). In short, whatever protections Article 6*bis* and Article 16(2) might contemplate for famous marks, *section 44(b)* grants foreign mark holders covered by these treaties only those protections of United States law already specified in the Lanham Act. See *Empresa Cubana del Tabaco v. Culbro Corp.*, 399 F.3d at 485. The Lanham Act's unfair competition protections, as we have already explained, are cabined by the long-established principle of territoriality. *See supra* at **[29-31)**.

To the extent Section 44(h) references an "entitle[ment] to effective protection against unfair competition," 15 U.S.C. § 1126(h), our precedent precludes us from construing this phrase to afford foreign mark holders any rights beyond those specified in section 44(b). *See Havana Club Holding, S.A. v. Galleon S.A.*, 203 F.3d 116, 134 (2d Cir. 2000) (characterizing the "[r]ights under section 44(h)" as "co-extensive with treaty rights under section 44(b), including treaty rights relating to . . . the repression of unfair competition" (internal quotation marks omitted)); *see also*

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[25] We discuss ITC's state law claim for unfair competition *infra* at **[50]**.

American Auto. Ass'n v. Spiegel, 205 F.2d 771, 774 (2d Cir. 1953) ("Since [section 44(h)] is limited to 'person[s] designated in subsection (b),' we look to that subsection to learn its scope.").

We further note that, in section 44(d) of the Lanham Act, Congress detailed circumstances under which the holders of foreign *registered* marks can claim priority rights in the United States, notably including among those circumstances actual or intended use in the United States within a specified time. *See* 15 U.S.C. § 1126(d) (affording United States priority rights from date of foreign registration if, *inter alia*, application for United States registration is filed within six months along with a statement of bona fide intent to use marks in commerce, but denying mark holder right to sue for acts committed prior to United States registration unless registration based on actual use in commerce[26]). Congress's specificity in dealing with registered marks cautions against reading a famous marks exception into sections 44(b) and (h), which nowhere reference the doctrine, much less the circumstances under which it would appropriately apply despite the fact that the foreign mark was not used in this country. We are mindful that Congress has not hesitated to amend the Lanham Act to effect its intent with respect to trademark protection, having done so almost thirty times since the statute took effect in 1947. *See* 1 McCarthy, *supra*, §§ 5:5-11, at 5-13-22.[27] In light of these legislative efforts,

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[26] Because territoriality is the bedrock principle of trademark law, we understand the reference to "use in commerce" in the Lanham Act to contemplate use that, at some point in the transaction, implicates the United States.

[27] As recently as 2002, Congress amended the Lanham Act to bring United States law into compliance with the Madrid Protocol,

the absence of any statutory provision expressly incorporating the famous marks doctrine or Articles 6*bis* and 16(2) is all the more significant. Before we construe the Lanham Act to include such a significant departure from the principle of territoriality, we will wait for Congress to express its intent more clearly.

(d) Policy Rationales Cannot, by Themselves, Support Judicial Recognition of the Famous Marks Doctrine Under Federal Law

Even if the Lanham Act does not specifically incorporate Article 6*bis* and Article 16(2) protections for famous foreign marks, ITC urges this court to follow the Ninth Circuit's lead and to recognize the famous marks doctrine as a matter of sound policy. *See Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 391 F.3d at 1094 (recognizing famous marks doctrine because "[t]here can be no justification for using trademark law to fool immigrants into thinking that they are buying from the store they liked back home"). ITC argues that the United States cannot expect other nations to protect famous American trademarks if United States courts decline to afford reciprocal protection to famous foreign marks.

We acknowledge that a persuasive policy argument can be advanced in support of the famous marks doctrine. *See, e.g.*, *De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate, Inc.*, 2005 U.S. Dist. LEXIS 9307, at *25 (noting that

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another international agreement. *See* Madrid Protocol Implementation Act, Pub. L. No. 107-273, § 13402, 116 Stat. 1758, 1913 (2002) (codified at 15 U.S.C. § 1141) (providing mechanism to register marks in several nations).

"[r]ecognition of the famous marks doctrine is particularly desirable in a world where international travel is commonplace and where the Internet and other media facilitate the rapid creation of business goodwill that transcends borders"); Frederick W. Mostert, *Well-Known and Famous Marks: Is Harmony Possible in the Global Village?*, 86 Trademark Rep. 103, 106 (1996) (arguing that "protection of the global trading system through the prevention of piracy and unfair exploitation of well-known marks has become essential"). The fact that a doctrine may promote sound policy, however, is not a sufficient ground for its judicial recognition, particularly in an area regulated by statute. *See, e.g., Badaracco v. Comm'r*, 464 U.S. 386, 398, 104 S. Ct. 756, 78 L. Ed. 2d 549 (1984) ("The relevant question is not whether, as an abstract matter, the rule advocated by petitioners accords with good policy. The question we must consider is whether the policy petitioners favor is that which Congress effectuated by its enactment of [the statute]."). In light of the comprehensive and frequently modified federal statutory scheme for trademark protection set forth in the Lanham Act, we conclude that any policy arguments in favor of the famous marks doctrine must be submitted to Congress for it to determine whether and under what circumstances to accord federal recognition to such an exception to the basic principle of territoriality. *See Almacenes Exito S.A. v. El Gallo Meat Mkt., Inc.*, 381 F. Supp. 2d at 326-28. Absent such Congressional recognition, we must decline ITC's invitation to grant judicial recognition to the famous marks doctrine simply as a matter of sound policy.

For all these reasons, we affirm the district court's award of summary judgment in favor of defendants on ITC's federal unfair competition claim.

2. State Common Law Claim for Unfair Competition

a. ITC's Reliance on the Famous Marks Doctrine to Sue for Unfair Competition Under New York Law

ITC submits that, even if we affirm the district court's dismissal of its federal unfair competition claim, we must reverse the dismissal of its parallel state law claim. As it correctly observes, New York common law allows a plaintiff to sue for unfair competition where a "property right or a commercial advantage" has been "misappropriated." *Flexitized, Inc. v. National Flexitized Corp.*, 335 F.2d 774, 781-82 (2d Cir. 1964). Nevertheless, in light of ITC's abandonment of the Bukhara mark and dress for restaurants in the United States, its common law assertion of a "property right or a commercial advantage" in these designations based on their foreign use depends on whether New York recognizes the famous marks doctrine in the circumstances here at issue.

As we have already noted, at least two New York cases indicate such recognition as a general matter: *Vaudable v. Montmartre, Inc.*, 20 Misc. 2d 757, 193 N.Y.S.2d 332, and *Maison Prunier v. Prunier's Rest. & Cafe*, 159 Misc. 551, 288 N.Y.S. 529. Neither the New York Court of Appeals nor any intermediate New York appellate court, however, has ever specifically adopted the views expressed in *Prunier* and *Vaudable* to accord common law protection to the owners of famous marks. Moreover, no New York court has clearly delineated a standard for determining when a mark becomes sufficiently famous to warrant protection. "In the absence of authoritative law from the state's highest court, we must either (1) predict how the New York Court of Appeals would resolve the state law question, or, if state law is so uncertain

that we can make no reasonable prediction, (2) certify the question to the New York Court of Appeals for a definitive resolution." *DiBella v. Hopkins*, 403 F.3d 102, 111 (2d Cir. 2005). In this case, we opt for certification.

b. Certifying the Question of New York's Common Law Recognition of the Famous Marks Doctrine

(1) Standard for Certification

New York law and Second Circuit Local Rule § 0.27 permit us to certify to the New York Court of Appeals "determinative questions of New York law [that] are involved in a case pending before [us] for which no controlling precedent of the Court of Appeals exists." N.Y. Comp. Codes R. & Regs. tit. 22, § 500.27(a). In deciding whether to certify a question, we consider, *inter alia*, "(1) the absence of authoritative state court interpretations of the [law in question]; (2) the importance of the issue to the state, and whether the question implicates issues of state public policy; and (3) the capacity of certification to resolve the litigation." *Morris v. Schroder Capital Mgmt. Int'l*, 445 F.3d 525, 531 (2d Cir. 2006) (internal quotation marks omitted).

(2) Certified Question 1: Does New York Recognize the Famous Marks Doctrine?

In this case, we conclude that these factors weigh in favor of certifying the question of New York's recognition of the famous marks doctrine. First, the only New York cases to address the question of whether state common law recognizes the famous marks doctrine, *Vaudable* and *Prunier*, are decades-old trial court decisions. While these decisions are routinely cited by non-New York courts as accurate

statements of the state's common law of unfair competition,[28] and while commentators routinely identify the cases as foundational in the development of the famous marks doctrine,[29] the lack of authoritative adoption of the famous marks doctrine by New York's highest court weighs in favor of certification. Second, recognition of the famous marks doctrine as part of New York common law is plainly an important policy issue for a state that plays a pivotal role in international commerce. This factor strongly counsels in favor of our soliciting the views of the New York Court of Appeals. *See generally Board of Regents v. Roth*, 408 U.S. 564, 577, 92 S. Ct. 2701, 33 L. Ed. 2d 548 (1972) (observing that property interests "are created and their dimensions are defined by existing rules or understandings that stem from an independent source such as state law"). Finally, certification will conclusively resolve the question of whether ITC's state unfair competition claim was, in fact, properly dismissed.

Accordingly, we certify the following question to the New York Court of Appeals: "Does New York common law permit the owner of a famous mark or trade dress to assert property rights therein by virtue of the owner's prior use of the mark or dress in a foreign country?"

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[28] *See, e.g., Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 391 F.3d at 1095; *Buti v. Impressa Perosa, S.R.L.*, 139 F.3d at 104; *Person's Co. v. Christman*, 900 F.2d at 1570; *Almacenes Exito S.A. v. El Gallo Meat Mkt., Inc.*, 381 F. Supp. 2d at 328; *De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate, Inc.*, 2005 U.S. Dist. LEXIS 9307 at *21-22.

[29] *See, e.g.*, 4 McCarthy, *supra*, § 29:4, at 29-12; Graeme B. Dinwoodie et al., *International Intellectual Property Law and Policy* 108 (2001).

(3) Certified Question 2: How Famous Must a Mark Be to Come Within the Famous Marks Doctrine?

If the New York Court of Appeals were to answer the first certified question in the affirmative, we ask it to consider a second query: "How famous must a foreign mark or trade dress be to permit its owner to sue for unfair competition?"[30] Although we have had no prior occasion to address this question, we note the availability of a number of possible standards.

(a) Secondary Meaning

If New York were inclined to recognize a broad famous marks doctrine, the Court of Appeals might conclude that a foreign mark's acquisition of "secondary meaning" in the state was sufficient to accord it common law protection. "Secondary meaning" is a term of art referencing a trademark's ability to "'identify the source of the product rather than the product itself.'" *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. at 766 n.4 (quoting *Inwood Labs., Inc., v. Ives Labs., Inc.*, 456 U.S. 844, 851 n.11, 102 S. Ct. 2182, 72 L. Ed. 2d 606 (1982)); *see Allied Maint. Corp. v. Allied Mech. Trades, Inc.*, 42 N.Y.2d 538, 545, 369 N.E.2d 1162, 399 N.Y.S.2d 628, 632 (1977) (explicating "secondary meaning" under New York law); *see also Genesee Brewing Co. v. Stroh Brewing Co.*, 124 F.3d 137, 143 n.4 (2d Cir.

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[30] In formulating both certified questions, we do not intend to limit the Court of Appeals' analysis or its response. That court may expand or modify the certified questions as it deems appropriate to indicate whether state common law recognizes the famous marks doctrine and the scope of that recognition.

1997) (identifying factors relevant to determining secondary meaning). Under this standard, a court deciding whether to accord famous marks protection would consider only whether the source of the foreign mark is well known in New York. *See generally Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 391 F.3d at 1097.

The Court of Appeals might note, however, that in *Grupo Gigante* the Ninth Circuit specifically rejected "secondary meaning" as the appropriate standard for application of the famous marks doctrine. That federal court explained that such an interpretation of the famous marks doctrine went "too far" because it effectively eliminated the territoriality principle that itself "has a long history in the common law." *Id.* at 1097-98.

(b) Secondary Meaning Plus

Instead, the Court of Appeals might consider the Ninth Circuit's compromise standard, which can be described as "secondary meaning plus." *See id.* at 1098 (holding that "secondary meaning is not enough"). Under this test, "where the mark has not before been used in the American market,[31] the court must be satisfied, by a preponderance of the evidence, that a *substantial* percentage of consumers in the relevant American market is familiar with the foreign mark." *Id.* (emphasis added); *see also* 4 McCarthy, *supra*, § 29:4, at 29-17 (suggesting that a "substantial" percentage of consumers in the relevant American market would be at least 50%).

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[31] New York could, of course, conclude that a "secondary meaning plus" standard also applied to a foreign mark or dress that had previously been used in the United States where, as in this case, such domestic use had been abandoned.

Judge Graber, concurring in *Grupo Gigante*, emphasized the intermediate character of this standard:

> I agree that a foreign owner of a supposedly famous or well-known foreign trademark must show a higher level of "fame" or recognition than that required to establish secondary meaning. Ultimately, the standard for famous or well-known marks is an intermediate one. To enjoy extraterritorial trademark protection, the owner of a foreign trademark need not show the level of recognition necessary to receive nation-wide protection against trademark dilution. On the other hand, the foreign trademark owner who does not use a mark in the United States must show more than the level of recognition that is necessary in a domestic trademark infringement case.

391 F.3d at 1106 (Graber, J., concurring).

(c) The Anti-Dilution Statute Standard

Precisely because "secondary meaning plus" is an intermediate standard, the Court of Appeals might also consider the high standard of recognition established by section 43(c) of the Lanham Act, the federal anti-dilution statute. *See* 15 U.S.C. § 1125(c). Under that federal law, four non-exclusive factors are relevant when determining whether a mark is sufficiently famous for anti-dilution protection:

> (i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties;
>
> (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark;

(iii) The extent of actual recognition of the mark;

(iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

Id. § 1125(c)(2).

Under the federal anti-dilution statute, the holder of a mark deemed famous under this test may seek an injunction against another person who, "at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury." *Id.* § 1125(c)(1). ITC does not sue for dilution in this case. Nevertheless, the Court of Appeals might consider whether the factors set out in the statute provide a useful guide for defining famous marks generally.

(d) Recommendation of the World Intellectual Property Organization

Finally, should the Court of Appeals decide to articulate an entirely new and different standard of recognition for the application of the famous marks doctrine, among the factors it might consider are those identified as relevant in the non-binding "Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks," adopted by the World Intellectual Property Organization in 1999:

(1) the degree of knowledge or recognition of the mark in the relevant sector of the public;

(2) the duration, extent and geographical area of any use of the mark;

(3) the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, or the goods and/or services to which the mark applies;

(4) the duration and geographical area of any registrations, and/or any application for registration, of the mark, to the extent that they reflect use or recognition of the mark;

(5) the record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognized as well known by competent authorities; [and]

(6) the value associated with the mark.

World Intellectual Property Organization, Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks (Sept. 1999), *available at* http://www.wipo.int/aboutip/en/development_iplaw/pub833.htm.

We express no view as to how New York should define its state common law. We simply reserve decision on ITC's challenge to the district court's dismissal of its state common law claim for unfair competition pending the New York Court of Appeals response to our certified questions.

D. The False Advertising Claim

1. Lanham Act Section 43(a)(1)(B)

ITC submits that, to the extent defendants implied some affiliation between their Bukhara Grill restaurants and ITC's Bukhara products, they are guilty of false advertising under *section 43(a)(1)(B)* of the Lanham Act.[32] That statute states, in relevant part:

> (a)(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which--
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> . . .
>
> (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is likely to be damaged by such act.

15 U.S.C. § 1125(a).

2. Standing to Complain of False Advertising

To establish standing to pursue a false advertising claim under section 43(a)(1)(B), an aggrieved party must demonstrate both (1) "'a reasonable interest to be protected

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[32] ITC pursues a false advertising claim exclusively under federal law, not state law.

against the advertiser's false or misleading claims,'" and (2) "'a reasonable basis for believing that this interest is likely to be damaged by the false or misleading advertising.'" *Societe des Hotels Meridien v. LaSalle Hotel Operating P'ship*, 380 F.3d 126, 130 (2d Cir. 2004) (quoting *Ortho Pharm. Corp. v. Cosprophar, Inc.*, 32 F.3d 690, 694 (2d Cir. 1994)). The "reasonable interest" prong of this test includes commercial interests, direct pecuniary interests, and even a future potential for a commercial or competitive injury. *See PDK Labs, Inc. v. Friedlander*, 103 F.3d 1105, 1111 (2d Cir. 1997) (citing *Berni v. Int'l Gourmet Rests. of Am., Inc.*, 838 F.2d 642, 648 (2d Cir. 1988)). The "reasonable basis" prong requires the plaintiff to show "'both likely injury and a causal nexus to the false advertising.'" *Havana Club Holding, S.A. v. Galleon S.A.*, 203 F.3d at 130 (quoting *Ortho Pharm. Corp. v. Cosprophar, Inc.*, 32 F.3d at 694).

In this case, the district court dismissed ITC's section 43(a)(1)(B) claim for lack of standing. Insofar as ITC professed a plan to open a new Bukhara restaurant in the United States, the court concluded that the plan was too ill-defined to constitute a "reasonable interest[] to be protected," particularly in light of ITC's abandonment of its registered Bukhara mark for restaurant services. *See ITC Ltd. v. Punchgini, Inc.*, 373 F. Supp. 2d at 292. To the extent ITC had attempted to market its Dal Bukhara line of packaged foods in the United States, the district court identified this as a "reasonable interest to be protected." *Id.* Nevertheless, it concluded that ITC had failed to adduce evidence of "a reasonable basis" for it to think that defendants' actions would likely damage this interest. *See id.* ITC submits that both these conclusions are erroneous. We disagree.

3. ITC's Standing Claims Are Without Merit

a. ITC's Development and Marketing of the Dal Bukhara Line

Because defendants do not challenge the district court's conclusion that ITC's efforts to develop and market its Dal Bukhara line of packaged foods could give it a "reasonable interest to be protected," we do not review that conclusion on this appeal. We consider only whether ITC demonstrated a sufficient "reasonable basis" to think that this interest was likely to be damaged by defendants' false advertising of its New York restaurants. On appeal, ITC submits that it demonstrated the requisite reasonable basis "because Defendants' misleading statements draw direct and misleading comparisons between [themselves] and ITC's [New Delhi] Bukhara, and because ITC sells [its Dal Bukhara] food products based on the reputation of its [overseas Bukhara] restaurants." Appellants' Br. at 43. We are not persuaded.

Where a "defendant has drawn a direct comparison between its own product and that of the plaintiff, we are inclined, without much more, to find standing to bring Lanham Act claims." *Societe des Hotels Meridien v. LaSalle Hotel Operating P'ship*, 380 F.3d at 130. That, however, is not this case. ITC has presented no evidence indicating that defendants ever publicly compared their Bukhara Grill restaurants to the packaged Dal Bukhara food products. Indeed, all of defendants' allegedly misleading statements were made well *before* ITC launched its Dal Bukhara line in 2003. Thus, we cannot agree with ITC that defendants' statements comparing Bukhara Grill to the New Delhi Bukhara are the functional equivalent of a direct comparison between defendants' restaurants and ITC's packaged food products.

Where a plaintiff's products are "not obviously in competition with the defendant's products, [and] the defendant's advertisements do not draw direct comparisons between the products," then a plaintiff must make a "more substantial showing" of "injury and causation" to satisfy the reasonable basis prong of the standing requirement. *Ortho Pharm. Corp. v. Cosprophar, Inc.*, 32 F.3d at 694. On the record before us, we agree with the district court that ITC has failed to satisfy this burden. Specifically, ITC has produced no evidence that defendants' operation of their Bukhara Grill restaurants is likely to damage its Dal Bukhara packaged food line. As the district court aptly observed: "It stretches the limits of reason to suggest that consumers, confused as to a non-existent affiliation between ITC's canned 'Dal Bukhara' [foods] and dishes served at defendants' restaurants, are likely to visit Manhattan to dine out at the 'Bukhara Grill' restaurant, rather than purchasing the canned product at their local grocery store." *ITC Ltd. v. Punchgini, Inc.*, 373 F. Supp. 2d at 292.

b. Injury to ITC's Bukhara Restaurants Outside the United States

Alternatively, ITC submits that it has standing to sue defendants for false advertising because defendants' efforts to associate their Bukhara Grill establishments with ITC's Bukhara restaurants will discourage diners disappointed by the food or service at Bukhara Grill from patronizing ITC's Bukhara restaurants. Assuming *arguendo* that ITC's interest in avoiding reputational damage to its overseas restaurants is a "reasonable interest" to be protected by United States law, ITC has failed to adduce an evidentiary basis for thinking such damage likely. *See Ortho Pharm. Corp. v. Cosprophar, Inc.*, 32 F.3d at 694 (observing that "plaintiff must show more than a 'subjective belief' that it will be damaged").

While a plaintiff need not demonstrate that it has, in fact, "lost sales because of the defendant's advertisements," to establish standing, it must demonstrate "the likelihood of injury and causation . . . in some manner." *Id.*

In an effort to carry this burden, ITC offers evidence that a significant percentage of defendants' customers are New Yorkers of Indian descent. It submits that these customers are more apt to travel to India than average New Yorkers and, therefore, more likely to come into contact with ITC's Bukhara restaurants. ITC asserts that, based on possible negative experiences at defendants' Bukhara Grill, these travelers will not patronize the ITC Bukharas, adversely affecting their earnings. ITC's reasoning depends on multiple levels of speculation, and its conclusion is too attenuated from the patronage profile evidence to demonstrate a real "likelihood of injury and causation" sufficient to confer standing to sue for false advertising. *See Joint Stock Soc'y v. UDV N. Am., Inc.*, 266 F.3d 164, 181-85 (3d Cir. 2001) (rejecting Russian vodka producers' argument that they had standing to assert false advertising claim because advertisements by defendants in United States indirectly hurt sales of Russian vodka overseas).

c. The Possibility that ITC Might Again Open Bukhara Restaurants in the United States

In a final effort to establish standing, ITC argues that the United States represents an area of "natural expansion" for its current operations and that it is presently "considering" opening Bukhara restaurants here. Appellants' Br. at 45. ITC notes that in *Berni v. International Gourmet Restaurants of America*, 838 F.2d at 648, this court suggested that a plaintiff "considering establishing a commercial venture in the future" might, under some circumstances, have a sufficient

commercial interest to sue a competitor for false advertising. The suggestion is *dictum* because the court ruled that the *Berni* plaintiff did not, in fact, have standing. Even if we were inclined, however, to hold that well-developed plans to enter a market constitute a sufficient commercial interest to be protected from false advertising, *see, e.g.*, *West Indian Sea Island Cotton Ass'n v. Threadtex, Inc.*, 761 F. Supp. 1041, 1049 n.5 (S.D.N.Y. 1991); *National Lampoon, Inc. v. American Broad. Co.*, 376 F. Supp. 733, 746 (S.D.N.Y. 1974), *aff'd on other grounds*, 497 F.2d 1343 (2d Cir. 1974), for reasons already discussed *supra* at **[19-20]**, we conclude that ITC has failed to adduce evidence from which a reasonable jury could find that it had in fact formulated any such well-developed entry plan.

Accordingly, we conclude that the district court correctly dismissed ITC's false advertising claim for lack of standing.

III. Conclusion

To summarize, we conclude that:

(1) as a matter of law, ITC abandoned its United States rights in its registered "Bukhara" mark for restaurant services and, therefore, cannot assert a successful claim for trademark infringement under section 32(1)(a) of the Lanham Act or state common law; nor can it continue to maintain the registered mark, which the district court correctly ordered cancelled;

(2) plaintiff cannot assert a successful federal claim for unfair competition because Congress has not incorporated the substantive protections of the famous marks doctrine set forth in Paris Convention Article 6*bis* and TRIPs Article 16(2) into

the relevant federal law, and this court cannot recognize the doctrine simply as a matter of sound policy;

(3) with respect to ITC's state law claim of unfair competition, we defer our ruling on this appeal pending the New York Court of Appeals' response to two questions: (a) whether the famous marks doctrine is recognized under the state's common law of unfair competition and, if so, (b) how famous a mark must be to qualify for such common law protection; and

(4) ITC lacks standing to assert a claim for false advertising under section 43(a)(1)(B) of the Lanham Act against the defendants.

DECISION AFFIRMED IN PART; RESERVED IN PART PENDING THE RESPONSE OF THE NEW YORK COURT OF APPEALS TO CERTIFIED QUESTIONS.

CERTIFICATE

Upon further order of the court, the following questions will be certified to the New York Court of Appeals pursuant to Second Circuit Local Rule § 0.27 and N.Y. Comp. Codes R. & Regs. tit. 22, § 500.27(a), as ordered by the Court of Appeals for the Second Circuit:

1. Does New York common law permit the owner of a famous mark or trade dress to assert property rights therein by virtue of the owner's prior use of the mark or dress in a foreign country?

2. If so, how famous must a foreign mark be to permit a foreign mark owner to bring a claim for unfair competition?

APPENDIX B

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

No. 03 Civ. 1306 (GEL)

[Filed February 10, 2005]

ITC LIMITED AND ITC HOTELS LIMITED, Plaintiffs,	)
v.	)
PUNCHGINI, INC. D/B/A BUKHARA GRILL, BUKHARA GRILL II, INC., RAJA JHANJEE, PARAGNESH DESAI, VICKY VIJ, DHANDU RAM, MAHENDRA SINGH, AND BACHAN RAWAT, Defendants.	)

OPINION AND ORDER

GERARD E. LYNCH, District Judge:

Plaintiffs ITC Limited and ITC Hotels Limited (collectively, "ITC") sue defendant Punchgini, Inc. and its principals, alleging defendants' "Bukhara Grill," a restaurant with, until recently, two locations in Manhattan, infringes upon ITC's rights in the "Bukhara" trademark and dress associated with its own "Bukhara" restaurants located

throughout the world. Defendants move for summary judgment dismissing the complaint in its entirety, and separately move in limine to exclude the testimony of ITC's expert witness. The summary judgment motion will be granted in its entirety, mooting the motion in limine.

BACKGROUND

Plaintiffs ITC Limited and ITC Hotels Limited are large Indian corporations engaged in a variety of ventures, including ownership of the Maurya Sheraton Hotel & Towers in New Delhi, India.[1],[2] The Maurya Sheraton complex contains a handful of restaurants, including "Bukhara," which opened in 1977, and is named for the legendary Great Silk Road city in Uzbekistan. (P. R. 56.1 Stmt. ¶ 84; Marsh Reply Decl. Ex. 35.) As conceived by ITC, the menu of the New Delhi "Bukhara" is drawn from the cuisine of the "North West Frontier" region of India, with a decor to match: "The restaurant's look is pure Flintstones: walls of boulders, solid-wood tables and menus printed on laminated sections of tree." (Curry Without the Hurry, Time, Dec. 23, 2002, Koustenis Decl. Ex. 60; *see also* P. R. 56.1 Stmt. ¶¶ 84-86; Draft Concept Note, Koustenis Decl. Ex. 54.) Acting as either operators or franchisers, ITC replicated its flagship "Bukhara" restaurant at locations throughout the world, including Ajman, Bangkok, Hong Kong, Kathmandu,

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[1] Unless otherwise indicated, the facts presented here are those admitted by ITC in response to the Local Rule 56.1 Statement submitted by defendants in support of their motion for summary judgment.

[2] In briefing these motions, the parties submitted extensive materials under seal. All materials are hereby unsealed to the extent used in this Opinion and Order.

Montreal, and Singapore. (P. R. 56.1 Stmt. ¶ 88.) ITC also opened a "Bukhara" in New York in 1986, and licensed use of the "Bukhara" mark, for which it had obtained United States trademark registration for restaurant services in 1987, to a Chicago restaurateur that same year. ITC's award-winning "Bukhara" restaurants have garnered significant media attention in the past quarter-century. (P. R. 56.1 Stmt. ¶¶ 95-98, 105-106; Koustenis Decl. Exs. 59-71, 78, 80, 81 (collecting media reports touting various "Bukhara" restaurants and awards).)

The New York ITC "Bukhara" closed in 1991, and ITC terminated its licensing agreement with the Chicago "Bukhara" on August 28, 1997. Since terminating the Chicago licensing agreement, ITC has not owned, operated, or licensed a restaurant in the United States using the "Bukhara" mark or dress. ITC asserts that it has continued to seek out appropriate business partners to open a "Bukhara" restaurant in the United States, a contention strongly disputed by defendants in defending against ITC's trademark infringement claims, *see* Part II below. In the past three years, ITC, in partnership with its U.S. importer, King Maker Marketing, has begun marketing a line of packaged food products in the United States, including "Dal Bukhara," derived from the dish of that name served at ITC's New Delhi "Bukhara," and has applied for trademark registrations for the "Bukhara" mark in connection with food products. (Sekhar Aff. ¶¶ 21-25; Marsh Decl. Ex. 6 (trademark registration applications).)

When this litigation began, defendants owned two restaurants in New York City, "Bukhara Grill" and "Bukhara

Grill II."[3] The first of these restaurants was opened in 1999, and the second in 2001. Defendants Vicky Vij, Raja Jhanjee, Mahendra Singh, Bachan Rawat, and Dhandu Ram, all employees of defendant Punchgini, Inc., were previously employed by ITC. (D. Objections and Responses to Plaintiffs' First Set of Interrogatories, Koustenis Decl. Ex. 52, at 5-6.) ITC alleges that many aspects of defendants' "Bukhara Grill" restaurants are borrowed from its "Bukhara" franchise, including the rustic decor, heavy wooden menus, use of checkered bibs in lieu of napkins, and logo font. (P. Opp. Mem. 18.)

On March 22, 2000, counsel for ITC sent defendant Raja Jhanji a letter informing him of ITC's registration of the "Bukhara" mark, charging Punchgini, Inc. with "passing off [their] new business as that of" ITC, and threatening legal proceedings unless defendants desisted from use of the "Bukhara" mark and compensated ITC accordingly. (Marsh Decl. Ex. 23.) Defendants' counsel responded that their preliminary investigation showed no present use of the "Bukhara" mark by ITC in the United States, and encouraged discussions between the parties to avoid litigation. (Marsh Decl. Ex. 24.) In June and July, 2000, defendants' counsel

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[3] In a letter of October 13, 2004, ITC informed the Court that "Bukhara Grill II" had been renamed "Khyber Grill," which appears to be the name of yet another restaurant owned by ITC in Chennai, India. ITC considers this to be an act of bad faith on the part of defendants. In their reply letter of October 15, 2004, defendants clarified that "Bukhara Grill II" had actually been sold, and then renamed by its new owners. But not only is this letter outside the record on summary judgment, but as defendants noted in their reply letter, the changed ownership and name of "Bukhara Grill II" is irrelevant to ITC's complaint, which makes no claims concerning the name "Khyber."

attempted to engage ITC's counsel in discussion of their clients' respective rights, stating they would assume ITC's rights in the "Bukhara" mark had been abandoned if no response was received by a date certain. (Marsh Decl. Exs. 25-26.) Neither ITC nor its counsel responded. Almost two years later, in April 2002, ITC's counsel again wrote to defendants' counsel complaining that no formal response had ever been received to their first cease and desist letter, and that defendants continued to violate ITC's property rights, particularly as "Bukhara Grill II" had opened by this point. (Marsh Decl. Ex. 27.) Defendant's counsel responded within days, restating their position that ITC had abandoned the "Bukhara" mark. (Marsh Decl. Ex. 28.)

No further communication was received from ITC or its counsel until the complaint in the instant case was filed on February 26, 2003. Defendants moved to dismiss the complaint, but their motion was denied. *See* Order of June 9, 2003. Having survived defendants' motion to dismiss, ITC amended its complaint on April 9, 2004. The Amended Complaint stated five causes of action in somewhat conclusory terms, three under the Lanham Act, 15 U.S.C. § 1051 *et seq.* (infringement of registered trademark, false designation of origin, unfair competition), one under New York General Business Law § 349 (deceptive acts and practices), and one under New York common law (trademark infringement and unfair competition). But in opposing defendants' present motion for summary judgment, ITC has clarified its complaint as claiming only trademark and trade dress infringement, unfair competition, and false advertising claims. (P. Opp. Mem. 1-2.) Defendants asserted a number of counterclaims in their Amended Answer of April 26, 2004, including a claim for cancellation of ITC's trademark registration for the "Bukhara" mark. (Counterclaim II, Am. Answer ¶¶ 16-36.)

Defendants now move for summary judgment to dismiss the complaint against them and to cancel ITC's trademark registration for the "Bukhara" mark. Defendants also move to exclude the testimony of ITC's expert witness, William J. Guilfoyle.

DISCUSSION

I. Summary Judgment Standard

Summary judgment is appropriate when "the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." Fed. R. Civ. P. 56(c). A "genuine issue as to any material fact," in turn, is established "if the evidence is such that a reasonable jury could return a verdict for the nonmoving party." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 106 S. Ct. 2505, 91 L. Ed. 2d 202 (1986). Where a "genuine issue of material fact" exists, the motion will be defeated with respect to those claims that present such genuine issues. In determining the existence of a "genuine issue," this Court must view the evidence in the light most favorable to the nonmoving party. *See United States v. Diebold, Inc.*, 369 U.S. 654, 655, 82 S. Ct. 993, 8 L. Ed. 2d 176 (1962) ("On summary judgment the inferences to be drawn from the underlying facts contained in such materials must be viewed in the light most favorable to the party opposing the motion.").

As set forth in their moving papers, defendants construed ITC's complaint as asserting claims sounding almost exclusively in trademark and trade dress infringement. It now moves for summary judgment dismissing these claims on the sole ground of ITC's alleged abandonment of its rights in the

"Bukhara" mark and dress.[4] In its opposition papers, ITC, while asserting that it has not abandoned its rights in the "Bukhara" mark or dress, also claims that it has brought two additional causes of action independent of its ownership or use of the "Bukhara" mark and dress in the United States—unfair competition under section 43(a) of the Lanham Act and New York common law and false advertising under the Lanham Act—which were not addressed by defendants in their moving papers. (P. Opp. Mem. 1-2.) Consequently, defendants addressed these additional causes of action in their reply brief, but as their arguments for summary judgment were made there for the first time, ITC has not responded directly.

Nonetheless, defendants' motion for summary judgment on these additional claims is properly before the Court. First, defendants have moved for summary judgment dismissing the complaint in its entirety, and so the issues are technically before the Court. Second, given the sparsity of ITC's complaint, and the complaint's overt references to this being a trademark and trade dress case, it was reasonable for defendants not to have fully identified the unfair competition and false advertising theories now espoused in ITC's opposition papers. Finally, ITC has not sought permission to file a sur-reply, thereby signaling that it believes the issues were adequately briefed in their opposition papers, and that no new or unexpected matters were raised in the reply. Therefore, the Court will proceed to consider whether any of

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[4] Defendants also moved to dismiss what it characterized as ITC's claim of misappropriation of trade secret recipes (D. Mem. 1-2), but in their opposition papers, ITC disavowed any such claim. (P. Opp. Mem. 1 n.1.)

ITC's causes of action present genuine issues of material fact for trial.

II. ITC's Abandonment of the "Bukhara" Mark and Dress

Defendants move for summary judgment dismissing ITC's trademark and dress infringement claims on the sole ground of abandonment.[5] Abandonment, which provides a complete defense to a claim of infringement, returns the mark to the public domain, where it may be appropriated anew. *Dial-A-Mattress Operating Corp. v. Mattress Madness, Inc.*, 841 F. Supp. 1339, 1354 (E.D.N.Y. 1994) (citing *Manhattan Indus., Inc. v. Sweater Bee by Banff, Ltd.*, 627 F.2d 628, 630 (2d Cir. 1980)). A mark is considered abandoned where (1) "use has been discontinued" and (2) there is "no intent to resume [use] within the reasonably foreseeable future." *Silverman v. CBS, Inc.*, 870 F.2d 40, 46 (2d Cir. 1989). The abandonment test applies equally to trademark and trade dress. *See Roulo v. Russ Berrie & Co., Inc.*, 886 F.2d 931, 935 (7th Cir. 1989). "Intent to resume use" must be for use in the United

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[5] While ITC obtained registration for its "Bukhara" mark, it has not registered the "Bukhara" trade dress. Unregistered trade dress may still be protected from infringement under section 43(a) of the Lanham Act where the trade dress has obtained "secondary meaning." *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 216, 120 S. Ct. 1339, 146 L. Ed. 2d 182 (2000). Perhaps because defendants move for summary judgment only on the basis of abandonment, no party has addressed whether ITC's unregistered trade dress has obtained "secondary meaning" such that it is protectable under section 43(a), although this issue has been briefed in connection with ITC's unfair competition claims, *see* Part II below. Solely for purposes of deciding the issue of abandonment, the Court assumes ITC's "Bukhara" trade dress is protectable.

States. *Imperial Tobacco, Ltd. v. Philip Morris, Inc.*, 899 F.2d 1575, 1579 (Fed. Cir. 1990).[6]

Under the Lanham Act, non-use for three consecutive years establishes a prima facie case of abandonment. 15 U.S.C. § 1127. Although the ultimate burden of proof as to abandonment remains with the party asserting this defense, where non-use gives rise to the statutory presumption of abandonment, the trademark owner must come forward with evidence that the "circumstances do not justify the inference of an intent not to resume use." *Empresa Cubana del Tabaco v. Culbro Corp.*, 213 F. Supp. 2d 247, 268 (S.D.N.Y. 2002)

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[6] The Fourth Circuit recently held, over dissent, that "use in commerce" may include exclusive use in foreign trade, if the foreign mark owner also uses or displays the mark in the sale or advertising of services in the United States. The court relied on Lanham Act language defining a mark to be in "use in commerce" where "it is used or displayed in the sale or advertising of services *and* the services are rendered in commerce," (emphasis added) and "commerce" to be "all commerce which may be lawfully regulated by Congress," 15 U.S.C. § 1127, which it determined includes trade with U.S. consumers abroad by definition. *Int'l Bancorp, LLC v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco*, 329 F.3d 359, 373 (4th Cir. 2003). Assuming, without deciding, the viability of this theory in the Second Circuit, ITC might have argued that its continuous use of the mark abroad, coupled with advertising directed at U.S. consumers intended to induce patronage of their foreign franchise, defeats abandonment. ITC, however, did not press this argument, and it appears that it would have been unable to do so given the admission of its Executive Director, S.C. Sekhar, that ITC directs no advertising of its hotels or restaurants to the United States. (Sekhar Dep., Koustenis Decl. Ex. 3, at 342). Therefore, abandonment must be defeated, if at all, by use of the mark in the United States, a point uncontested by ITC in its briefing.

(citing *Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96, 99 (5th Cir. 1983)).

Here, ITC does not seriously dispute that the statutory presumption of abandonment has been met; it has not owned, operated, or licensed restaurants in the United States using the "Bukhara" trademark or trade dress since at least August 28, 1997, five-and-a-half years before ITC filed its Complaint on February 26, 2003. (P. R. 56.1 Stmt. ¶ 29.) The statutory presumption had arisen as of August 28, 2000. But ITC does contend that it has demonstrated a genuine issue of material fact as to its intent to resume use, sufficient to rebut the statutory presumption at trial and precluding summary judgment. (P. Opp. Mem. 4-11.)

A party's intent is ordinarily a question of fact, about which conflicting inferences can usually be drawn. Defendants thus bear a heavy burden in arguing here that no reasonable fact finder could conclude that ITC retained an intention to make use of the "Bukhara" trademark and trade dress in the United States. Nonetheless, the ordinary summary judgment standard applies, and "an averment of no intent to abandon is little more than a denial in a pleading, which is patently insufficient to preclude summary judgment on the ground the facts are disputed." *Imperial Tobacco Ltd., Assignee of Imperial Group PLC v. Philip Morris, Inc.*, 899 F.2d 1575, 1580 (Fed Cir. 1990). Once the statutory presumption of abandonment has been raised, a genuine issue of material fact with regard to intent to resume use will only be found where the trademark owner has "come forward with objective, hard evidence of actual concrete plans to resume use in the reasonably foreseeable future when the conditions requiring suspension abate. A bare assertion of possible future use is not enough to prove an intent to resume use." *Empresa Cubana*, 213 F. Supp. 2d at 268-69 (internal quotation marks

and citations omitted); *see also Imperial Tobacco,* 899 F.2d at 1580 ("The registrant must put forth evidence with respect to what activities it engaged in during the nonuse period or what outside events occurred from which an intent to resume use during the nonuse period may be reasonably inferred."). In spite of the voluminous record produced by ITC (including 163 exhibits), it has failed to come forward with any evidence of the kind of "concrete plans to resume use" or "activities it engaged in during the nonuse period . . . from which an intent to resume use . . . may be reasonably inferred" that would be required to rebut the statutory presumption of abandonment at trial.

ITC's evidence may be grouped into two categories. First, ITC has produced internal documents (and one news report) purportedly showing a commitment by ITC to increase the international recognition of the "Bukhara" mark. These internal memoranda show that periodic reorganizations took place within ITC for the purpose of heightening and renewing efforts to expand the "Bukhara" brand internationally. (Koustenis Decl. Exs. 27, 40, 41.) The last of these reorganizations, however, occurred in 1998, tolling the statutory presumption until 2001 at the latest. In any event, these reorganizations do not appear to have been directed in any specific manner toward expansion in the United States. Similarly, a July 22, 2002, news report in the Times of India cited by ITC describes ITC's plans to "cash in on its popular Bukhara and Dum Pukht restaurants," but makes no mention of specific investment opportunities or plans in the United States. (Swati Bharadwaj-Chand, *ITC Plans Restaurant Chain,* Times of India, July 22, 2002, Koustenis Decl. Ex. 28.) Moreover, minutes from a Corporate Management Committee ("CMC") meeting in February, 2003, show that

a policy of "exiting all overseas stand alone Restaurants" was recommended. (Koustenis Decl. Ex. 34.)[7]

In the same vein, ITC also points to internal minutes dated October, 2003 (some six months after the Complaint in this case was filed), at which the CMC suggested the "time was appropriate to explore the possibility of investing in hotel properties in select markets overseas such as London, Bangkok, and New York." (Koustenis Decl. Ex. 29.) But even assuming that self-serving statements after the filing of litigation can be considered, a plan to "invest[] in hotel properties" is not itself evidence of intent to resume use of the "Bukhara" mark for restaurant services. It is unknowable and entirely speculative whether the projected hotel properties might have included a "Bukhara" restaurant. ITC has provided no evidence that such opportunities were ever genuinely explored in the United States. The assertion in ITC's brief that, following the meeting of the CMC in October, 2003, "ITC expressed its intent to start looking for opportunities to invest directly in New York" (P. Opp. Mem. 6), is supported, if at all, only by Sekhar's averment that ITC is "enthusiastic about the possibility of returning their Bukhara franchise to the United States and are exploring opportunities for such expansion around the globe with, amongst others, its partner Starwood Hotels." (Sekhar Aff. ¶ 14.) This will not suffice to raise a genuine issue of material fact as to ITC's intent to resume use of the "Bukhara" mark and dress.

Second, ITC attempts to establish that concrete franchise opportunities in the United States have been pursued by

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[7] As discussed below, ITC's actions have been entirely consistent with this policy.

providing the Court with standard franchise agreements "representative of agreements that ITC has been implementing for years with franchisees throughout the world" and by including correspondence with potential franchisees over the years. (P. Opp. Mem. 6-7; Koustenis Decl. Exs. 31-33, 35-36, 38-39). The executed franchise agreements provided, however, are for franchises in Bangladesh, Bahrain, and the United Arab Emirates (Koustenis Decl. Exs. 36, 38, 39), and none of the potential franchisees to whom information, including "concept note[s]" and "salient features of franchise agreement[s]" was provided to initiate negotiations were located in the United States. (Koustenis Decl. Exs. 31-33, 35). Although communication with one potential franchisee, located in Canada, referenced possible development in the United States (Koustenis Decl. Ex. 35), this communication took place in 1993, long before ITC ceased using the mark in the United States, and thus cannot serve to rebut the inference of abandonment.

ITC claims to have entered franchise negotiations for "Bukhara" restaurants with five parties in the United States since the 1997 closure of their Chicago restaurant (P. Opp. Mem. 7), but, as a careful exploration of the evidence adduced in connection with each of these putative negotiations reveals, ITC has provided no real evidence of its own efforts, and thus, intent, to resume restaurant services. In the first case, ITC proffers only an unsolicited email in 2002 from a software engineer interested in developing a "Bukhara" franchise in Houston, Texas. (Koustenis Ex. 24.) S.C. Sekhar, an ITC Executive Director with responsibility for expansion of the "Bukhara" brand, never responded to the email, but did meet with the software engineer in New Delhi, where he explained that ITC was *not* interested in proposals for stand-alone restaurants. (Sekhar Dep., Koustenis Decl. Ex. 3, at 285-86.)

In another two cases, ITC offers only follow-up emails or letters sent by two separate, potential franchisees following unsolicited meetings in New Delhi with Sekhar or his colleague, Ravi Suri. In the first, the potential franchisee informs Sekhar of his plans to contact the managers of local hotels in California about establishing a "Bukhara" restaurant. (Koustenis Ex. 25.) But Sekhar testified that a proposal never materialized from this potential franchisee, and he took no steps to pursue one. (Sekhar Dep. 294-97.) In the second, the potential franchisee describes his plans to visit San Francisco to "study the market and shortlist two or three sites." (Koustenis Ex. 23.) Sekhar, however, had never heard of the potential franchisee (Sekhar Dep. 297), and testified that at the time the potential franchisee had been in contact with ITC, his proposal would have been of little interest, given ITC's move away from overseas stand-alone restaurants. (Sekhar Dep. 300-301.)

In a fourth purported "franchise negotiation," ITC contends that negotiations matured into the purchase of property in New York and the submission of floor plans for ITC's approval. (P. Opp. Mem. 7.) But documents provided by ITC do not substantiate this assertion, consisting of no more than a floor plan and cover letter addressed to Ravi Suri from Varinder Datta, at the time, an employee of an ITC subsidiary (Sekhar Dep. 280), indicating that the floor plan was "for the proposed location which [the potential franchisee, A. Dutta] has negotiated for acquisition, subject to your approval." (Koustenis Decl. Exs. 21-22.) There is no evidence that approval was granted, and in fact, Sekhar did not recall ever having heard of Dutta or his proposal prior to preparing for his deposition. (Sekhar Dep. 269-281.) Most importantly, even assuming bona fide negotiations took place (rather than simply an unsolicited, unanswered proposal), they date to 1998, again well outside the three-year period

predating the original complaint in this matter and giving rise to a statutory presumption of non-use.

Finally, ITC claims there are ongoing negotiations with Starwood Hotels, which owns luxury hotel properties throughout the world, including thirteen in New York City. (P. Opp. Mem. 7; Sekhar Aff. ¶ 20.) ITC has previously partnered with Starwood to open "Bukhara" restaurants in Bangkok and Hong Kong, and points to a 2002 letter from Starwood, which followed a visit by a senior Starwood executive to New Delhi to discuss possible placement of "Bukhara" restaurants in additional Starwood properties. (Sekhar Aff. ¶ 18; Koustenis Decl. Ex. 26). But that letter, only a highly-redacted version of which has been provided, makes no reference to development plans specific to the United States, indicating only a general intention to "explore opportunities where Bukhara restaurants could be operated in Starwood hotels outside India." (Koustenis Decl. Ex. 26, at 4.) Sekhar's testimony about ITC's negotiations with Starwood also asserts no plans for expansion to the United States, rather than merely "outside India." (Sekhar Dep. 77 (no specific plans for starting a hotel or restaurant with Starwood in the United States).) Therefore, while there appears to have been some back-and-forth between ITC and Starwood as to expanded use of the "Bukhara" mark, nothing on the record, viewed in the light most favorable to ITC, permits an inference that these discussions involved use in the United States.

These putative negotiations, no more than a handful in the seven years since 1997, amount to little more than a series of unsolicited proposals, which ITC neither initiated nor pursued, and, in the case of Starwood, vague, unsubstantiated plans for resuming use in unspecified non-Indian locations. While ITC is free to pick and choose among proposals

received for use of its mark according to its own business judgment, and executed franchise agreements are not necessary to show intent to resume use, ITC has provided no evidence whatever of any actions on its part during the relevant time frame to develop restaurant services utilizing the "Bukhara" mark in the United States.[8]

To explain the absence of any real activity to resume use of the mark in the United States, ITC asserts that it is simply waiting for the "right partner" to come along. (Sekhar Dep. 78.) For the abandonment doctrine to have any teeth at all, however, more is required than simply the owner's inchoate wish to keep the mark for some vague, unspecified future use; this would constitute precisely the impermissible "warehousing" of the mark against which the doctrine guards. *See Empresa Cubana,* 213 F. Supp. 2d at 270. On this record, while reasonable people could differ about whether ITC had a purely subjective desire to retain rights to the "Bukhara" mark in the United States and an inchoate willingness to consider using it again here if the right opportunity came along, no reasonable fact finder could conclude that ITC had taken any action—or even conceived

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[8] Nor has ITC apparently taken any action against other restaurants in the United States using the name "Bukhara," of which there appear to be several. (Marsh Reply Decl. Ex. 32 (results of internet search showing "Bukhara" restaurants, unaffiliated with ITC, in New York, Massachusetts, Washington, and Virginia).). While the record has not been sufficiently developed to permit a conclusion that failure to police use of the "Bukhara" mark itself constitutes a species of abandonment, *see* 15 U.S.C. § 1127 (alternative definition of abandonment includes acts of omission by owner causing mark to lose significance), the failure to act against these other users of the same name is inconsistent with a serious plan to return to the restaurant services market in the United States.

any concrete plan—evidencing an intent to resume use in the reasonably foreseeable future. The statutory presumption of abandonment accordingly stands unrebutted.

ITC's remaining arguments do nothing to disturb this conclusion. ITC claims that it has maintained the goodwill of the "Bukhara" mark in the United States through continued marketing efforts in the United States, consisting primarily of use of the "Bukhara" mark to promote a line of packaged goods, including one product named "Dal Bukhara" and marketed as identical to the signature lentil dish of that name served at their "Bukhara" restaurants. (P. Opp. Mem. 7-8.)[9] In 2000, the CMC agreed to begin marketing of what it then called "Bukhara Dal" (Koustenis Decl. Ex. 99), and in 2001, partnered with King Maker Marketing, ITC's U.S. importer, to market test packaged foods in the United States. (Parameswar Dep., Koustenis Decl. Ex. 92, at 5, 18.) "Dal

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[9] In connection with ITC's argument that it has maintained the goodwill of the "Bukhara" mark and dress through marketing, ITC also cites to a July, 2002, Indian Air advertisement for the New Delhi "Bukhara" (Koustenis Decl. Ex. 65); an exhibit identified only as "Clinton Advertisement," which excerpts Bill Clinton's statement to the New York Times that "[He] loved the Bukhara meal [he] had in Delhi." (Koustenis Decl. Ex. 83); and a brochure advertising its hotels in India, including the Maurya Sheraton and its "Bukhara" restaurant, distributed to ITC-Welcomgroup's Star-Privilege Members, unaccompanied by information as to its circulation (Koustenis Decl. Ex. 84). These do not permit the inference that a sustained marketing campaign targeted at American consumers, sufficient to maintain the goodwill of the "Bukhara" mark and dress several years after the cessation of restaurant services in this country, exists, particularly in light of Sekhar's testimony that while it is possible for advertisements to find their way to U.S. consumers, ITC does not target advertising for its hotels or restaurants to the United States. (Sekhar Dep. 342-43.)

Bukhara" made appearances at the International Fancy Foods Festival in New York in 2003 and 2004 (Parameswar Dep. 26; Sekhar Aff. ¶ 23), and at least two shipments of "Dal Bukhara" were sold in the United States in May 2003 (Sekhar Aff. ¶ 22). ITC has also applied for trademark registrations for the "Bukhara" mark in connection with pre-packaged food items (Marsh Decl. Ex. 6), and Sekhar avers that "discussions for marketing its packaged food products including Bukhara products in [the] USA are in advanced stage of discussions with a leading distributor of food products in [the] USA." (Sekhar Aff. ¶ 24.)

Although promotional materials distributed for "Dal Bukhara" in connection with its trade show appearances reference ITC's New Delhi "Bukhara" restaurant (Koustenis Decl. Ex. 101), appearance at two trade shows, sale of two shipments of the product in the United States, and an unsubstantiated, yet-to-be concluded distribution agreement postdating the commencement of litigation are nothing more than "minor activities" insufficient to "rekindle the public's identification of the mark with the proprietor" several years after the cessation of restaurant services in the United States. *See Silverman,* 870 F.2d at 48. Aside from conclusory assertions in its briefing (P. Opp. Mem. 8), ITC has provided nothing to suggest that the sale of packaged foods under the "Bukhara" mark was somehow intended to herald a return to the restaurant services market in United States. Therefore, ITC's use of the mark in connection with its packaged foods establishes neither continued goodwill of the mark in the United States, nor ITC's intent to resume use of its "Bukhara" mark or dress for restaurant services.

Finally, ITC attempts to explain away its apparent abandonment of the mark for restaurant services by asserting that its non-use may be excused because of "economic and

regulatory circumstances." (P. Opp. Mem. 9-10.) As a matter of law, ITC is correct that external barriers to use of a mark may excuse non-use, such that abandonment is not established. *See Silverman*, 870 F.2d at 47 ("A proprietor who temporarily suspends use of a mark can rebut the presumption of abandonment by showing reasonable grounds for the suspension and plans to resume use in the reasonably foreseeable future when conditions requiring suspension abate.").

But ITC's asserted "economic and regulatory circumstances" are largely illusory. First, ITC argues that Indian regulations governing foreign investment have created a barrier to its direct investment in the United States. (P. Opp. Mem. 10.) But at least some of these regulations predate ITC's establishment of its restaurants in Chicago and New York (Sekhar Aff. Ex. A (excerpting Foreign Exchange Regulation Act, 1973, as amended most recently in 1996)), and more recent regulations (Sekhar Aff. Ex. A (excerpting Foreign Exchange Management Act, effective June 1, 2000) have apparently not prevented development of their packaged food products. ITC cites no internal documents indicating that these regulations accounted for its unresponsiveness to potential franchisees, the closing of the Chicago and New York restaurants, or the lack of restaurant initiatives in the United States, nor does it explain why the regulations did not impede activity in other countries. Second, ITC blames terrorism, war, and the SARS epidemic during 2001-2003 for their non-use (P. Opp. Mem. 10; Sekhar Aff. ¶¶ 12-13). But the statutory presumption of abandonment had arisen by August 2000—three years after ITC terminated the license agreement with the restaurant in Chicago—well before these events, which therefore cannot constitute an excuse for non-use which would "toll" the statutory presumption.

Regardless, excusable non-use requires more than just reasonable business explanations for the decision not to use a trademark; the trademark owner must also demonstrate an intent to resume use if and when conditions so permit. *Empresa Cubana,* 213 F. Supp. 2d at 270 & n. 37 (citing *Silverman,* 870 F.2d at 47). ITC has not proffered any evidence of an intent to resume use directly connected to the cessation of the "economic and regulatory circumstances" it cites, or any evidence of concrete plans to expand in the United States, thwarted only by the regulatory or business obstacles on which it relies.[10] Whatever the merits of the explanations proffered by ITC, they cannot excuse non-use in the absence of any intent to resume use.

ITC has failed to come forward with evidence creating a genuine issue of material fact as to its intent to resume use of the "Bukhara" mark and dress in connection with restaurant services in the United States, and therefore would not be able to defeat at trial the statutory presumption raised under § 1127 by non-use for a period exceeding three years. Therefore, as a matter of law, ITC has abandoned the "Bukhara" mark and dress and may not maintain infringement claims against defendants. Summary judgment dismissing plaintiffs' trademark and trade dress infringement claims and cancelling ITC's "Bukhara" registration is granted.[11]

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[10] Sekhar's bare assertion that the "improvement in the industry . . . makes it possible to consider acquiring or developing [ITC's] own properties outside India" (Sekhar Aff. ¶ 14) is insufficient to raise a triable issue.

[11] Where a federally registered mark is already in issue, a federal court may cancel the registration under section 37 of the Lanham Act. 15 U.S.C. § 1119. Abandonment is a grounds for cancellation. 15 U.S.C. § 1064(3).

III. ITC's Unfair Competition Claims

In opposing summary judgment, ITC asserts that its unfair competition claims under section 43(a) of the Lanham Act and the New York common law provide a basis for liability independent of trademark law. Even if it abandoned the "Bukhara" mark and dress within the United States, ITC claims it is nonetheless protected from unfair competition by virtue of the "well known" or "famous" marks doctrine. (P. Opp. Mem. 11.) According to ITC, despite the territorial limits ordinarily applicable in trademark law, *see Person's Co. v. Christman,* 900 F.2d 1565, 1568 (Fed. Cir. 1990) ("Foreign use has no effect on U.S. commerce and cannot form the basis for a holding that appellant has priority here."), foreign marks and trade dress may be protected, even without use or registration within the United States, where the mark or dress is so "well known" or "famous" as to give rise to a risk of consumer confusion if the mark or dress is used subsequently by someone else in the domestic marketplace.

The very existence of this doctrine is controversial, as is its scope. Neither party cites, nor has the Court found, any Supreme Court or Second Circuit authority upholding liability on this theory, and it has been applied infrequently by the federal district courts. The doctrine has only recently been applied for the first time by any federal court of appeals. In *Grupo Gigante S.A. de C.V. v. Dallo & Co.,* 391 F.3d 1088 (9th Cir. 2004), the Ninth Circuit held that a Mexican grocery store chain could be permitted to establish whether its mark, "Gigante," was sufficiently "well known" or "famous" in the relevant American market such that the mark was entitled to protection from use by a California chain, thus potentially permitting prior, exclusively foreign use to trump domestic, junior use and entitling the foreign, senior user to certain rights with the United States. The circumstances of *Grupo*

Gigante were arguably different from those in this case, as can be discerned from the statement of the Court's reasoning: "Commerce crosses borders. In this nation of immigrants so do people. Trademark is, at its core, about protecting against consumer confusion and 'palming off.' There can be no justification for using trademark law to fool immigrants into thinking that they are buying from the store they liked back home." *Id.* at 1094.

Two early cases in New York state courts, with fact patterns strikingly similar to the events alleged here by ITC, exemplify the doctrine. In *Maison Prunier v. Prunier's Restaurant & Cafe, Inc.*, 159 Misc. 551, 288 N.Y.S. 529, 537 (N.Y. Sup. Ct. 1936), plaintiff, owner of three "Prunier" restaurants in Paris and London, was permitted to demonstrate at trial that "its reputation extends far beyond the territorial limits of Paris and London and that it has a substantial following in New York City and in other parts of the world" such that defendants could be enjoined from using its name and dress, allegedly to create a false affiliation between plaintiff's ventures and its own. In the most famous alleged instance of the "well known" or "famous" mark doctrine, *Vaudable v. Montmartre, Inc.*, 20 Misc. 2d 757, 193 N.Y.S.2d 332, 334-35 (N.Y. Sup. Ct. 1959), a New York restaurateur allegedly sought to create a false affiliation between its venture and that of the Paris "Maxim" restaurant by copying its decor and logo. The court found that "there [was] no doubt as to [Maxim's] unique and eminent position as a restaurant of international fame and prestige. It is . . . well known in this country, particularly to the class of people residing in the cosmopolitan city of New York who dine out. Plaintiffs have registered the mark Maxim's with the United States Patent Office for catering services and wines, and have merchandised and sold products under that name, or a variant thereof, in the United States." *Vaudable*, 193 N.Y.S.2d at

334. The court went on to characterize "Maxim" as having acquired "secondary meaning," *id.* at 335, a trademark law term of art connoting the mark's ability to "identify the source of the product rather than the product itself" in the mind of the consumer. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 766 n. 4, 112 S. Ct. 2753, 120 L. Ed. 2d 615 (1992) (quoting *Inwood Laboratories, Inc. v. Ives Laboratories, Inc*, 456 U.S. 844, 851, 102 S. Ct. 2182 & n. 11, 72 L. Ed. 2d 606 (1982)). It was this "secondary meaning" within the "high-class restaurant field" which entitled "Maxim" to protection from unfair competition. *Vaudable*, 193 N.Y.S.2d at 335. While *Prunier* predates the Lanham Act, *Vaudable* references both the federal and common law of unfair competition.

Assuming without deciding that these cases support the existence of an unfair competition claim, even in the absence of a viable U.S. trademark, on the basis of a foreign mark that is "well known" or "famous," it remains unclear how to determine what foreign marks are sufficiently "famous" to qualify. Both parties urge the use of the "secondary meaning" test, derived at least in part from *Vaudable*, citing the district court opinion in *Grupo Gigante*, 119 F. Supp. 2d 1083, 1091 (C.D. Cal. 2000). (D. Reply Mem. 7; P. Opp. Mem. 12.) That test has also been endorsed by a district court in this Circuit, *see Empresa Cubana Del Tabaco v. Culbro Corp.*, 2004 U.S. Dist. LEXIS 4935, No. 97 Civ. 8399 (RWS), 2004 WL 602295, at *31-*34 (S.D.N.Y. Mar. 26, 2004) (finding after bench trial that mark of Cuban cigar maker had achieved "secondary meaning" with premium cigar smokers and thus qualified for "famous" mark doctrine), and the Trademark Trial and Appeal Boards has similarly relied on the *Vaudable* standard. *See, e.g., The All England Lawn Tennis Club*

(Wimbledon) Ltd. v. Creations Aromatiques, Inc., 220 U.S.P.Q. 1069, 1072 (T.T.A.B. 1983).[12]

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[12] The opinion in *Vaudable* has been interpreted as establishing "secondary meaning" as the basis for extending protection to the foreign mark, *see, e.g., Empresa Cubana*, 2004 U.S. Dist. LEXIS 4935, 2004 WL 602295, at *32-*34, but it has also been more loosely used without explicit reference to "secondary meaning," *see, e.g., Wimbledon*, 220 U.S.P.Q. at 1072. Still other courts, however, have found a slightly different path to "secondary meaning." In its opinion in *Grupo Gigante*, the district court took its cue from the Tea Rose-Rectanus doctrine (to which the *Prunier* court had also looked, 288 N.Y.S. at 536-37, and to which a leading treatise on trademark law makes reference to in connection with the "well known" or "famous" mark doctrine, 4 McCarthy § 29:4, at 29-10). The Tea Rose-Rectanus doctrine, derived from two, early Supreme Court cases, *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 36 S. Ct. 357, 60 L. Ed. 713, 1916 Dec. Comm'r Pat. 265 (1916), and *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 39 S. Ct. 48, 63 L. Ed. 141, 1918 Dec. Comm'r Pat. 369 (1918), delimits the geographic reach of a senior user's trademark: A senior user in one market cannot preclude a junior, good faith use of the mark in a geographically remote (but still domestic) area if the senior user's mark is not known to consumers in the junior user's market. *Gigante Grupo*, 119 F. Supp. 2d at 1090. Effectively internationalizing the Tea Rose-Rectanus doctrine, the *Grupo Gigante* district court held that "the foreign user need only show that the mark is sufficiently known to potential customers in the area of the United States in which it seeks protection" to be accorded protection, where "sufficiently known," in turn, was defined as the mark having achieved "secondary meaning." *Id.* at 1090-91. The *Empresa Cubana* district court also considered the Tea Rose-Rectanus doctrine and the district court opinion in *Grupo Gigante*, and found that the "secondary meaning" element of the Tea Rose-Rectanus doctrine coincided with the *Vaudable* standard, but rejected Tea Rose-Rectanus's geographical limits as inapplicable to the facts of

The Ninth Circuit, however in *its* opinion in *Grupo Gigante* (which postdates the briefing on this motion), required more. While confirming the existence of the "well known" or "famous" mark doctrine, the court concluded that applying "secondary meaning" as the test of notoriety without more eviscerates an important distinction between a geographically remote, but domestic user, protected by the Tea Rose-Rectanus doctrine, and a ordinarily unprotected foreign user. *Gigante Grupo,* 391 F.3d at 1094, 1097-98. The Ninth Circuit stated the test as follows:

> Where the mark has not before been used in the American market, the court must be satisfied, by a preponderance of the evidence, that a *substantial* percentage of consumers in the relevant American market is familiar with the foreign mark. The relevant American market is the geographic area where the defendant uses the alleged infringing mark. In making this determination, the court should consider such factors as the intentional copying of the mark by the defendant, and whether customers of the American firm are likely to think they are patronizing the same firm that uses the mark in another country. While these factors are not necessarily determinative, they are particularly relevant because they bear heavily on the risks of consumer confusion and fraud, which are the reasons for having a famous-mark exception.

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its case, where potential consumers (premium cigar smokers) were spread throughout the United States. *Empresa Cubana,* 2004 U.S. Dist. LEXIS 4935, 2004 WL 602295, at *34.

391 F.3d at 1098. The Ninth Circuit then remanded for application of this newly-articulated "secondary meaning plus" test.

By requiring more of foreign users than would be required of domestic users seeking to extend the geographic range of their marks, the Ninth Circuit manages to neatly square the circle of what has often been considered a somewhat anomalous, and perhaps even unnecessary, doctrine.[13] But the Ninth Circuit's decision in *Grupo Gigante* leaves undisturbed the apparent consensus that, at the very least, and whether derived from *Vaudable* or by analogy to Tea Rose-Rectanus, "secondary meaning" must be established in the relevant American market for a mark to qualify under the "well known" or "famous" mark doctrine. Because ITC has failed even to establish a triable issue as to the existence of "secondary meaning" in the New York market in which defendants operate, it is unnecessary to decide whether to adopt the Ninth Circuit's analysis requiring an additional showing over and above "secondary meaning."

The following factors are relevant to determination of "secondary meaning" in this Circuit: "(1) advertising

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[13] *See, e.g., Int'l Bancorp, LLC v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco,* 329 F.3d 359, 389 n.9 (4th Cir. 2003) (Motz, J., dissenting) ("Nor does the 'famous marks' doctrine provide [defendant] any refuge. That doctrine has been applied so seldom (never by a federal appellate court and only by a handful of district courts) that its viability is uncertain."); 4 McCarthy § 29 ("The famous mark rule [in *Vaudable*] could be viewed as not constituting an exception to the general rule at all, since it could be said that the foreign service business has already established priority in the United States through advertising and reputation prior to defendant's opening.").

expenditures, (2) consumer studies linking the mark to a source, (3) unsolicited media coverage of the product, (4) sales success, (5) attempts to plagiarize the mark, and (6) length and exclusivity of the mark's use." *Genesee Brewing Co. v. Stroh Brewing Co.*, 124 F.3d 137, 143 (2d Cir. 1997) (quoting *Centaur Communications, Ltd. v. A/S/M Communications, Inc.*, 830 F.2d 1217, 1222 (2d Cir. 1987)).

ITC has failed to produce sufficient evidence of a genuine issue of material fact as to the existence of "secondary meaning." Setting aside advertisement campaigns conducted by its New York and Chicago restaurants,[14] it has not directly targeted advertising of its Indian or other foreign "Bukhara" restaurants to the United States (Sekhar Dep. 342), and has made only two trade show appearances in connection with "Dal Bukhara." (Parameswar Dep. 26; Sekhar Aff. ¶ 23.) Although ITC cites to a July, 2002, Indian Air advertisement for the New Delhi "Bukhara" (Koustenis Decl. Ex. 65), an exhibit identified only as "Clinton Advertisement," which excerpts Bill Clinton's statement to the New York Times that "[He] loved the Bukhara meal [he] had in Delhi." (Koustenis Decl. Ex. 83), and a brochure distributed to ITC-Welcomgroup's Star-Privilege Members advertising its hotels in India, including the Maurya Sheraton and its "Bukhara" restaurant (Koustenis Decl. Ex. 84), in support of its argument that it has maintained the goodwill of the "Bukhara"

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[14] Evidence as to any "secondary meaning" established through operation of their Chicago and New York restaurants is not relevant to the present inquiry. Having abandoned its mark and dress in the United States, ITC's only cognizable claim to priority, and the only unfair competition claim actually made by ITC, derives from its foreign use under the "well known" or "famous" mark doctrine. Therefore any "secondary meaning" must be based exclusively on consumer familiarity with its international franchise.

mark in the United States, *see* Part II above, surprisingly, it does not cite to these exhibits here. In any event, these exhibits are unaccompanied by any evidence of their circulation in the New York market, and, thus, are not probative.

ITC has not produced a consumer study linking the "Bukhara" mark to itself.[15] Although the record does include an exhibit consisting of fourteen comment cards filled out by famous patrons of its New Delhi restaurant, including Americans such as Bill Clinton and Bill Gates (Koustenis Decl. Ex. 89), such evidence is not probative of knowledge of ITC's mark among New York restaurant-goers, or indicative that even these diners, who undoubtedly had a favorable experience at ITC's restaurant, generally associate the "Bukhara" mark, as used in the United States, with ITC. Although ITC has continuously used the "Bukhara" mark since at least the 1977 opening of the New Delhi "Bukhara," it cannot claim exclusive use, because defendants have demonstrated that there are other "Bukhara" restaurants unaffiliated with ITC throughout the United States and the

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[15] ITC does not cite to the market testing conducted in connection with its line of packaged goods in support of its contention that "secondary meaning" exists. The Court's conclusion that no "secondary meaning" exists, however, is buttressed by the testimony of the King Maker Marketing director, vice president, and CFO partly responsible for conducting that market testing. She stated that no research was done as to whether or not "Bukhara" was a strong brand name in the United States, and the conclusion that the "Bukhara" mark had a strong connection to the New Delhi restaurant was based solely on discussions with between twenty and fifty "informal acquaintances" who had "been to [the New Delhi] Bukhara or had knowledge of the Bukhara restaurant." (Parameswar Dep. 39-48.)

world (Marsh Reply Decl. Exs. 32-34), and ITC has not offered any specific information as to the success of sales of two shipments of its canned "Dal Bukhara" in May 2003 (neither one to New York) and currently has no other revenues from business operations in the United States utilizing the "Bukhara" mark. Thus, ITC has offered essentially no probative evidence as to factors (1), (2), (4), and (6).

This leaves only two factors through which ITC can establish "secondary meaning": unsolicited media reports and defendants' alleged appropriation of ITC's mark and dress. ITC rounds up nineteen exhibits of what it claims are media reports praising its "Bukhara" restaurants. (P. Opp. Mem. 13.) One exhibit is actually the collection of customer comment cards referenced above, four exhibits are media reports about or awards received by ITC's New York and Chicago restaurants (Koustenis Decl. Exs. 68, 78, 80-81), and the vast majority are reports in foreign publications, reviews posted to what appear to be exclusively foreign websites (several of which are missing a uniform resource locator which make it difficult to ascertain their source with precision), and a book published in India in connection with an Indian television series. (Koustenis Decl. Exs. 59, 61-63, 65-67, 69-71, 88.) The latter reviews, reports, and book, while highly flattering to ITC's "Bukhara" restaurants (repeatedly referring to the New Delhi "Bukhara" as the most famous Indian restaurant in the world), are unaccompanied by evidence permitting the Court to infer that they ever reached a New York audience or that they reflect the knowledge of New York consumers. Only three cited exhibits are U.S. media reports, and two of these are reviews of defendants' restaurants, which mention ITC's New Delhi "Bukhara," in one as the namesake of defendants' restaurants, as well as defendants' training ground (Koustenis Decl. Ex. 64), and in

the other, as defendants' training ground. (Koustenis Decl. Ex. 87.) ITC has produced only one media report from a U.S. source touting its New Delhi "Bukhara." (*Curry Without the Hurry,* Time, Dec. 23, 2003, Koustenis Decl. Ex. 60.) The accolades for ITC's "Bukhara" restaurants in the international press are not sufficiently probative of "secondary meaning" within the New York market to raise a triable issue.

Consequently, ITC is left only with its somewhat circular claim that defendants' alleged appropriation of the "Bukhara" mark and dress itself establishes the existence of "secondary meaning." Certainly, the record contains sufficient evidence to raise a genuine issue of fact as to whether defendants have intentionally copied ITC's "Bukhara" mark and dress. A reasonable factfinder could conclude that exhibits supplied by ITC show similarities between the parties' restaurants, including a similar logo font (Koustenis Decl. Exs. 103-104); waiter uniforms (Koustenis Decl. Exs. 144-145); menus on wood slabs, bearing the legend "eating utensils upon request" (Koustenis Decl. Exs. 125, 147-148); red, checkered bibs used in lieu of napkins (Koustenis Decl. Exs. 145-147); a see-through kitchen (Koustenis Decl. Exs. 130-131); and use of heavy wooden furniture and other rustic, decorative elements (Koustenis Decl. Exs. 97, 134-143). As a result of these similarities, as well as defendants' employment history with ITC, at least one reviewer of defendants' restaurants has noticed a resemblance to those of ITC. (J. Walmans *Travel Restaurant Entertainment & Wine Report,* 2002, Koustenis Decl. Ex. 64 ("The [menu's warning to request eating utensils] takes its roots from Bukhara Grill's namesake, Bukhara in New Delhi, long considered by aficionados of

Indian cuisine as the finest Indian restaurant in the world.")[16] Moreover, defendant Raja Jhanji stated in an interview with the Hindustan Times that defendants' "Bukhara Grill" restaurant "is quite like Delhi's Bukhara . . . . The food is similar . . . and the waiters too are dressed in similar Panthani suits," although he maintained the decor was distinct. (Shweta Rajpal, *Dal 'Bukhara' in NY,* Hindustan Times, May 2, 2000, Koustenis Decl. Ex. 102.)

But "proof of intentional copying, by itself, does not trigger any presumption of secondary meaning under Second Circuit precedent." *Kaufman & Fisher Wish Ltd. v. F.A.O. Schwarz,* 184 F. Supp. 2d 311, 319 (S.D.N.Y. 2001) (citing to *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033, 1042 (2d Cir. 1992) ("Although imitative intent can help support a finding of secondary meaning, it does not necessarily mandate one. No single factor is determinative.") (internal quotation marks and citations omitted)). Although there may be some circumstances in which intentional copying is sufficient to show "secondary meaning," it would be tautological to conclude that copying alone demonstrates "secondary meaning" sufficient to permit an unfair competition claim as to a foreign mark here, where that copying is only prohibited by the "well known" or "famous" mark exception if the mark has "secondary meaning." ITC has failed to bring forward any other evidence actually probative of "secondary meaning," and therefore cannot claim the "well known" or "famous" mark exception to revitalize its priority to the "Bukhara" mark and dress based

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[16] Notably, the reviewer did not suggest that he or she was confused about the ownership of the "Bukhara Grill," or suggest that he or she inferred common ownership.

on foreign use alone. Summary judgment dismissing ITC's unfair competition claims is therefore granted.

IV. ITC's False Advertising Claim

Section 43(a) of the Lanham Act protects against false representations which are likely to deceive or mislead consumers about the nature of goods and services.[17] ITC alleges that defendants have violated this section by making false or misleading representations in various press interviews suggesting the existence of a relationship between their restaurants and those of ITC, where in actuality there is none, bolstered by the "confusingly similar use of ITC's Bukhara

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[17] Section 43(a) provides in relevant part:

> a) Civil action
>
> (1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation or origin, false or misleading description of fact, or false or misleading representation of fact, which –
>
> . . .
>
> (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities or geographic origin of his or her or another person's goods, services, or commercial activities,
>
> shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

15 U.S.C. § 1125.

name and trade dress," which grounded its unfair competition claims. (P. Opp. Mem. 17-21.) Defendants move for summary judgment on this claim, citing section 43(a)'s standing requirement, and in the alternative, a lack of evidence as to any false or misleading representations on their part as to a relationship with ITC's "Bukhara" franchise, made in commercial advertising or otherwise. (D. Reply Mem. 9-10.)

As the text of the statute makes clear, "to establish standing under section 43(a), the plaintiff must demonstrate a reasonable interest to be protected," as well as a "reasonable basis for believing that this interest is likely to be damaged by the false or misleading advertising. The reasonable basis prong embodies a requirement that the plaintiff show both likely injury and a causal nexus to the false advertising." *Havana Club Holding S.A. v. Galleon S.A.*, 203 F.3d 116, 130 (2d Cir. 2000) (citing *Ortho Pharm. Corp. v. Cosprophar, Inc.*, 32 F.3d 690, 694 (2d Cir. 1995)) (internal quotation marks omitted). Although this Circuit has been inclined to construe the standing requirement somewhat liberally, given the statute's additional purpose of consumer protection (as opposed to mere policing of competitive commercial relationships), where the plaintiff is not in direct competition, a "more substantial showing" of injury and causality has been required. *Ortho Pharm. Corp.*, 32 F.3d at 694 (summarizing caselaw).

While acknowledging the injury requirement ofsection 43(a), ITC asserts it has standing to bring this claim because its plans to open a new "Bukhara" restaurant in the United States and its sale of a line of pre-packaged food products using the "Bukhara" mark constitute "reasonable interest[s] to be protected." (P. Opp. Mem. 18.) First, as decided above, ITC has abandoned the "Bukhara" mark and dress within the

United States in connection with restaurant services, has provided no evidence of any intent to resume use in the reasonably foreseeable future, and is not entitled to any priority or protection on the basis of the "well known" or "famous" mark exception. Second, while sales of the "Dal Bukhara" line of pre-packaged food products are a "reasonable interest to be protected," ITC has failed to provide any causality theory, let alone evidence, as to how its "Dal Bukhara" product sales are likely to be or have been damaged by defendants' alleged misrepresentations. It stretches the limits of reason to suggest that consumers, confused as to a non-existent affiliation between ITC's canned "Dal Bukhara" and dishes served at defendants' restaurants, are likely to visit Manhattan to dine out at the "Bukhara Grill" restaurant, rather than purchasing the canned product at their local grocery store. Regardless, if this is indeed what ITC had in mind in pressing this claim, it has failed entirely to provide evidence of the likelihood of any such injury.

The evidence adduced in connection with sale of its "Dal Bukhara" product consists in the main of appearances at two trade shows, sales of two shipments to distributors in California and New Jersey in May 2003, and an averment that "discussions for marketing its packaged food products including Bukhara products in [the] USA are in advanced stage of discussions with a leading distributor of food products in [the] USA." (Sekhar Aff. ¶¶ 22-24.) These marketing and distribution efforts speak not at all to a potential overlap between consumers of the packaged "Dal Bukhara" and patrons of defendants' restaurants. Therefore, even assuming defendants have made misrepresentations cognizable as false advertising, ITC has not demonstrated any potential or actual injury causally related to defendants' conduct giving rise to standing under section 43(a).

Defendants' motion for summary judgment dismissing ITC's false advertising claim is granted.

CONCLUSION

Summary judgment dismissing ITC's complaint in its entirety, and cancelling ITC's registration of the "Bukhara" mark (United States Trademark Registration No. 1,461,445) as pressed by defendants in Counterclaim II of their Amended Answer, is granted. Defendants' motion to exclude the expert testimony of William J. Guilfoyle is therefore moot.

SO ORDERED.

Dated: New York, New York

February 4, 2005

GERARD E. LYNCH

United States District Judge

APPENDIX C

TITLE 15. COMMERCE AND TRADE
CHAPTER 22. TRADEMARKS
GENERAL PROVISIONS

15 U.S.C. § 1125 False designations of origin, false descriptions, and dilution forbidden

(a) Civil action.

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which--

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

(2) As used in this subsection, the term "any person" includes any State, instrumentality of a State or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this

Act in the same manner and to the same extent as any nongovernmental entity.

(3) In a civil action for trade dress infringement under this Act for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.

(b) Importation. Any goods marked or labeled in contravention of the provisions of this section shall not be imported into the United States or admitted to entry at any customhouse of the United States. The owner, importer, or consignee of goods refused entry at any customhouse under this section may have any recourse by protest or appeal that is given under the customs revenue laws or may have the remedy given by this Act in cases involving goods refused entry or seized.

(c) Dilution by blurring; dilution by tarnishment.

(1) Injunctive relief. Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.

(2) Definitions.

(A) For purposes of paragraph (1), a mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner. In determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including the following:

(i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.

(ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.

(iii) The extent of actual recognition of the mark.

(iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

(B) For purposes of paragraph (1), "dilution by blurring" is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark. In determining whether a mark or trade name is likely to cause dilution by blurring, the court may consider all relevant factors, including the following:

(i) The degree of similarity between the mark or trade name and the famous mark.

(ii) The degree of inherent or acquired distinctiveness of the famous mark.

(iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.

(iv) The degree of recognition of the famous mark.

(v) Whether the user of the mark or trade name intended to create an association with the famous mark.

(vi) Any actual association between the mark or trade name and the famous mark.

(C) For purposes of paragraph (1), "dilution by tarnishment" is association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.

(3) Exclusions. The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection:

(A) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person's own goods or services, including use in connection with--

(i) advertising or promotion that permits consumers to compare goods or services; or

(ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.

(B) All forms of news reporting and news commentary.

(C) Any noncommercial use of a mark.

(4) Burden of proof. In a civil action for trade dress dilution under this Act for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that--

(A) the claimed trade dress, taken as a whole, is not functional and is famous; and

(B) if the claimed trade dress includes any mark or marks registered on the principal register, the unregistered matter, taken as a whole, is famous separate and apart from any fame of such registered marks.

(5) Additional remedies. In an action brought under this subsection, the owner of the famous mark shall be entitled to injunctive relief as set forth in section 34. The owner of the famous mark shall also be entitled to the remedies set forth in sections 35(a) and 36 [15 USCS § 1117(a) and 1118], subject to the discretion of the court and the principles of equity if--

(A) the mark or trade name that is likely to cause dilution by blurring or dilution by tarnishment was first used in commerce by the person against whom the injunction is sought after the date of enactment of the Trademark Dilution Revision Act of 2006 [enacted Oct. 6, 2006]; and

(B) in a claim arising under this subsection--

(i) by reason of dilution by blurring, the person against whom the injunction is sought willfully intended to trade on the recognition of the famous mark; or

(ii) by reason of dilution by tarnishment, the person against whom the injunction is sought willfully intended to harm the reputation of the famous mark.

(6) Ownership of valid registration a complete bar to action. The ownership by a person of a valid registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register under this Act shall be a complete bar to an action against that person, with respect to that mark, that--

(A)

(i) is brought by another person under the common law or a statute of a State; and

(ii) seeks to prevent dilution by blurring or dilution by tarnishment; or

(B) asserts any claim of actual or likely damage or harm to the distinctiveness or reputation of a mark, label, or form of advertisement.

(7) Savings clause. Nothing in this subsection shall be construed to impair, modify, or supersede the applicability of the patent laws of the United States.

(d) Cyberpiracy prevention.

(1)

(A) A person shall be liable in a civil action by the owner of a mark, including a personal name which is protected as a mark under this section, if, without regard to the goods or services of the parties, that person--

(i) has a bad faith intent to profit from that mark, including a personal name which is protected as a mark under this section; and

(ii) registers, traffics in, or uses a domain name that--

(I) in the case of a mark that is distinctive at the time of registration of the domain name, is identical or confusingly similar to that mark;

(II) in the case of a famous mark that is famous at the time of registration of the domain name, is identical or confusingly similar to or dilutive of that mark; or

(III) is a trademark, word, or name protected by reason of section 706 of title 18, United States Code, or section 220506 of title 36, United States Code.

(B)(i) In determining whether a person has a bad faith intent described under subparagraph (A), a court may consider factors such as, but not limited to--

(I) the trademark or other intellectual property rights of the person, if any, in the domain name;

(II) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;

(III) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;

(IV) the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name;

(V) the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;

(VI) the person's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of

any goods or services, or the person's prior conduct indicating a pattern of such conduct;

(VII) the person's provision of material and misleading false contact information when applying for the registration of the domain name, the person's intentional failure to maintain accurate contact information, or the person's prior conduct indicating a pattern of such conduct;

(VIII) the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and

(IX) the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous within the meaning of subsection (c).

(ii) Bad faith intent described under subparagraph (A) shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.

(C) In any civil action involving the registration, trafficking, or use of a domain name under this paragraph, a court may order the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark.

(D) A person shall be liable for using a domain name under subparagraph (A) only if that person is the domain name registrant or that registrant's authorized licensee.

(E) As used in this paragraph, the term "traffics in" refers to transactions that include, but are not limited to, sales, purchases, loans, pledges, licenses, exchanges of currency, and any other transfer for consideration or receipt in exchange for consideration.

(2)

(A) The owner of a mark may file an in rem civil action against a domain name in the judicial district in which the domain name registrar, domain name registry, or other domain name authority that registered or assigned the domain name is located if--

(i) the domain name violates any right of the owner of a mark registered in the Patent and Trademark Office, or protected under subsection (a) or (c); and

(ii) the court finds that the owner--

(I) is not able to obtain in personam jurisdiction over a person who would have been a defendant in a civil action under paragraph (1); or

(II) through due diligence was not able to find a person who would have been a defendant in a civil action under paragraph (1) by--

(aa) sending a notice of the alleged violation and intent to proceed under this paragraph to the registrant of the domain name at the postal and e-mail address provided by the registrant to the registrar; and

(bb) publishing notice of the action as the court may direct promptly after filing the action.

(B) The actions under subparagraph (A)(ii) shall constitute service of process.

(C) In an in rem action under this paragraph, a domain name shall be deemed to have its situs in the judicial district in which--

(i) the domain name registrar, registry, or other domain name authority that registered or assigned the domain name is located; or

(ii) documents sufficient to establish control and authority regarding the disposition of the registration and use of the domain name are deposited with the court.

(D) (i) The remedies in an in rem action under this paragraph shall be limited to a court order for the forfeiture

or cancellation of the domain name or the transfer of the domain name to the owner of the mark. Upon receipt of written notification of a filed, stamped copy of a complaint filed by the owner of a mark in a United States district court under this paragraph, the domain name registrar, domain name registry, or other domain name authority shall--

(I) expeditiously deposit with the court documents sufficient to establish the court's control and authority regarding the disposition of the registration and use of the domain name to the court; and

(II) not transfer, suspend, or otherwise modify the domain name during the pendency of the action, except upon order of the court.

(ii) The domain name registrar or registry or other domain name authority shall not be liable for injunctive or monetary relief under this paragraph except in the case of bad faith or reckless disregard, which includes a willful failure to comply with any such court order.

(3) The civil action established under paragraph (1) and the in rem action established under paragraph (2), and any remedy available under either such action, shall be in addition to any other civil action or remedy otherwise applicable.

(4) The in rem jurisdiction established under paragraph (2) shall be in addition to any other jurisdiction that otherwise exists, whether in rem or in personam.

15 U.S.C. § 1126 International conventions

(a) Register of marks communicated by international bureaus. The Director shall keep a register of all marks communicated to him by the international bureaus provided for by the conventions for the protection of industrial property, trademarks, trade and commercial names, and the repression of unfair competition to which the United States is or may become a party, and upon the payment of the fees required by

such conventions and the fees required in this Act may place the marks so communicated upon such register. This register shall show a facsimile of the mark or trade or commercial name; the name, citizenship, and address of the registrant; the number, date, and place of the first registration of the mark, including the dates on which application for such registration was filed and granted and the term of such registration; a list of goods or services to which the mark is applied as shown by the registration in the country of origin, and such other data as may be useful concerning the mark. This register shall be a continuation of the register provided in section 1(a) of the Act of March 19, 1920.

(b) Benefits of section to persons whose country of origin is party to convention or treaty. Any person whose country of origin is a party to any convention or treaty relating to trademarks, trade or commercial names, or the repression of unfair competition, to which the United States is also a party, or extends reciprocal rights to nationals of the United States by law, shall be entitled to the benefits of this section under the conditions expressed herein to the extent necessary to give effect to any provision of such convention, treaty or reciprocal law, in addition to the rights to which any owner of a mark is otherwise entitled by this Act.

(c) Prior registration in country of origin; country of origin defined. No registration of a mark in the United States by a person described in subsection (b) of this section shall be granted until such mark has been registered in the country of origin of the applicant, unless the applicant alleges use in commerce. For the purposes of this section, the country of origin of the applicant is the country in which he has a bona fide and effective industrial or commercial establishment, or if he has not such an establishment the country in which he is domiciled, or if he has not a domicile in any of the countries

described in subsection (b) of this section, the country of which he is a national.

(d) Right of priority. An application for registration of a mark under sections 1, 3, 4, or 23 of this Act [15 USCS §§ 1051, 1053, 1054, or 1091] or under subsection (e) of this section filed by a person described in subsection (b) of this section who has previously duly filed an application for registration of the same mark in one of the countries described in subsection (b) shall be accorded the same force and effect as would be accorded to the same application if filed in the United States on the same date on which the application was first filed in such foreign country: Provided, that–

(1) the application in the United States is filed within six months from the date on which the application was first filed in the foreign country;

(2) the application conforms as nearly as practicable to the requirements of this Act, including a statement that the applicant has a bona fide intention to use the mark in commerce;

(3) the rights acquired by third parties before the date of the filing of the first application in the foreign country shall in no way be affected by a registration obtained on an application filed under this subsection;

(4) nothing in this subsection shall entitle the owner of a registration granted under this section to sue for acts committed prior to the date on which his mark was registered in this country unless the registration is based on use in commerce.

In like manner and subject to the same conditions and requirements, the right provided in this section may be based upon a subsequent regularly filed application in the same foreign country, instead of the first filed foreign application: Provided, That any foreign application filed prior to such subsequent application has been withdrawn, abandoned, or otherwise disposed of, without having been laid open to public inspection and without leaving any rights outstanding, and has not served, nor thereafter shall serve, as a basis for claiming a right of priority.

(e) Registration on principal or supplemental register; copy of foreign registration. A mark duly registered in the country of origin of the foreign applicant may be registered on the principal register if eligible, otherwise on the supplemental register herein provided. Such applicant shall submit, within such time period as may be prescribed by the Commissioner, a true copy, a photocopy, a certification, or a certified copy of the registration in the country of origin of the applicant. The application must state the applicant's bona fide intention to use the mark in commerce, but use in commerce shall not be required prior to registration.

(f) Domestic registration independent of foreign registration. The registration of a mark under the provisions of subsections (c), (d), and (e) of this section by a person described in subsection (b) shall be independent of the registration in the country of origin and the duration, validity, or transfer in the United States of such registration shall be governed by the provisions of this Act.

(g) Trade or commercial names of foreign nationals protected without registration. Trade names or commercial names of persons described in subsection (b) of this section shall be

protected without the obligation of filing or registration whether or not they form parts of marks.

(h) Protection of foreign nationals against unfair competition. Any person designated in subsection (b) of this section as entitled to the benefits and subject to the provisions of this Act shall be entitled to effective protection against unfair competition, and the remedies provided herein for infringement of marks shall be available so far as they may be appropriate in repressing acts of unfair competition.

(i) Citizens or residents of United States entitled to benefits of section. Citizens or residents of the United States shall have the same benefits as are granted by this section to persons described in subsection (b) of this section.

PARIS CONVENTION FOR THE PROTECTION OF INDUSTRIAL PROPERTY

(of March 20, 1883,
as revised at Brussels on December 14, 1900,
at Washington on June 2, 1911,
at The Hague on November 6, 1925,
at London on June 2, 1934,
at Lisbon on October 31, 1958,
and at Stockholm on July 14, 1967,
and as amended on September 28, 1979)

Article 6*bis*
Marks: Well-Known Marks

(1) The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use,

of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.

(2) A period of at least five years from the date of registration shall be allowed for requesting the cancellation of such a mark. The countries of the Union may provide for a period within which the prohibition of use must be requested.

(3) No time limit shall be fixed for requesting the cancellation or the prohibition of the use of marks registered or used in bad faith.

Article 10*bis*
Unfair Competition

(1) The countries of the Union are bound to assure to nationals of such countries effective protection against unfair competition.

(2) Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition.

(3) The following in particular shall be prohibited:

(i) all acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor;

(ii) false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor;

(iii)indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods.

AGREEMENT ON TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS

ANNEX 1C OF THE MARRAKESH AGREEMENT ESTABLISHING THE WORLD TRADE ORGANIZATION

PART II -- STANDARDS CONCERNING THE AVAILABILITY, SCOPE AND USE OF INTELLECTUAL PROPERTY RIGHTS

SECTION 2: TRADEMARKS

Article 16 Rights Conferred

1. The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use.

2. Article 6bis of the Paris Convention (1967) shall apply, mutatis mutandis, to services. In determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark.

3. Article 6bis of the Paris Convention (1967) shall apply, mutatis mutandis, to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use.

PUBLIC LAW 103-465 [H.R. 5110]
DECEMBER 08, 1994
URUGUAY ROUND AGREEMENTS ACT

TITLE I--APPROVAL OF, AND GENERAL PROVISIONS RELATING TO, THE URUGUAY ROUND AGREEMENTS
Subtitle A--Approval of Agreements and Related Provisions

Sec. 101. < 19 U.S.C. § 3511 > APPROVAL AND ENTRY INTO FORCE OF THE URUGUAY ROUND AGREEMENTS.

(a) Approval of Agreements and Statement of Administrative Action.--Pursuant to section 1103 of the Omnibus Trade and Competitiveness Act of 1988 (19 U.S.C. 2903) and section 151 of the Trade Act of 1974 (19 U.S.C. 2191), the Congress approves--

(1) the trade agreements described in subsection (d) resulting from the Uruguay Round of multilateral trade negotiations under the auspices of the General Agreement on Tariffs and Trade, entered into on April 15, 1994, and submitted to the Congress on September 27, 1994; and

(2) the statement of administrative action proposed to implement the agreements that was submitted to the Congress on September 27, 1994.

(b) Entry Into Force.--At such time as the President determines that a sufficient number of foreign countries are accepting the obligations of the Uruguay Round Agreements, in accordance with article XIV of the WTO Agreement, to ensure the effective operation of, and adequate benefits for the United States under, those Agreements, the President may accept the Uruguay Round Agreements and implement article VIII of the WTO Agreement.

(c) Authorization of Appropriations.--There are authorized to be appropriated annually such sums as may be necessary for the payment by the United States of its share of the expenses of the WTO.

(d) Trade Agreements to Which This Act Applies.--Subsection (a) applies to the WTO Agreement and to the following agreements annexed to that Agreement:

(1) The General Agreement on Tariffs and Trade 1994.

(2) The Agreement on Agriculture.

(3) The Agreement on the Application of Sanitary and Phytosanitary Measures.

(4) The Agreement on Textiles and Clothing.

(5) The Agreement on Technical Barriers to Trade.

(6) The Agreement on Trade-Related Investment Measures.

(7) The Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994.

(8) The Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994.

(9) The Agreement on Preshipment Inspection.

(10) The Agreement on Rules of Origin.

(11) The Agreement on Import Licensing Procedures.

(12) The Agreement on Subsidies and Countervailing Measures.

(13) The Agreement on Safeguards.

(14) The General Agreement on Trade in Services.

(15) The Agreement on Trade-Related Aspects of Intellectual Property Rights.

(16) The Understanding on Rules and Procedures Governing the Settlement of Disputes.

(17) The Agreement on Government Procurement.

(18) The International Bovine Meat Agreement.

TITLE V--INTELLECTUAL PROPERTY
Subtitle B--Trademark Provisions

Sec. 521. DEFINITION OF "ABANDONED".

Section 45 of the Act entitled "An Act to provide for the registration and protection of trade-marks used in commerce, to carry out the provisions of certain international conventions, and for other purposes", approved July 5, 1946 (15 U.S.C. 1127) (hereafter in this title referred to as the "Trademark Act of 1946"), is amended by amending the paragraph defining "abandoned" to read as follows:

"A mark shall be deemed to be 'abandoned' if either of the following occurs:

"(1) When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment. 'Use' of a mark means the

bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.

"(2) When any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark. Purchaser motivation shall not be a test for determining abandonment under this paragraph.".

Sec. 522. NONREGISTRABILITY OF MISLEADING GEOGRAPHIC INDICATIONS FOR WINES AND SPIRITS.

Subsection (a) of section 2 of the Trademark Act of 1946 (15 U.S.C. 1052(a)) is amended to read as follows:

"(a) Consists of or comprises immoral, deceptive, or scandalous matter; or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute; or a geographical indication which, when used on or in connection with wines or spirits, identifies a place other than the origin of the goods and is first used on or in connection with wines or spirits by the applicant on or after one year after the date on which the WTO Agreement (as defined in section 2(9) of the Uruguay Round Agreements Act) enters into force with respect to the United States.".

Sec. 523. < 15 U.S.C. § 1052 note > EFFECTIVE DATE.

The amendments made by this subtitle take effect one year after the date on which the WTO Agreement enters into force with respect to the United States.

APPENDIX D

WORLD TRADE ORGANIZATION
COUNCIL FOR TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS

RESTRICTED
IP/Q2/USA/1
3 April 1998
(98-1344)
Original: English

REVIEW OF LEGISLATION ON TRADEMARKS, GEOGRAPHICAL INDICATIONS AND INDUSTRIAL DESIGNS

United States[1]

The present document reproduces the introductory statement made by the delegation of the United States, the questions put to it and the responses[2] given in the review of legislation on trademarks, geographical indications and

[1] As regards laws and regulations relevant to the areas under review as notified by the United States under article 63.2 of the Agreement, reference is made to document IP/N/1/USA/1 as well as documents IP/N/1/USA/T/1-2, IP/N/1/USA/G/1, IP/N/1/USA/D/1 and IP/N/1/USA/P/1-2.

[2] The United States has informed the Secretariat that the response to the follow-up question from the EC to its initial question 11 will be provided in due course.

industrial designs in the context of the meeting of the Council that took place from 11-15 November 1996.[34]

I. INTRODUCTORY STATEMENT

Federal protection of trademarks, and to some extent protection of geographical indications, is provided by the Trademark Act of 1946, Title 15, United States Code ("Lanham Act"), as amended. In addition, geographical indication protection for wines, spirits and malt beverages is provided by the Alcohol, Tobacco and Fire-Arm Regulations, which may be found at 27 Code of Federal Regulations, Parts, 4, 5, 7 and 12.

United States law provides broad protection for trademarks subject to a clearly defined list of relative and absolute grounds for refusal. The broad statement of protection in Section 2 of the Act provides that no trademark, by which the goods of an applicant may be distinguished from the goods of others, shall be refused registration on the principal register on account of its nature.

Two amendments have been made to US trademark law to bring the United States into compliance with its obligations under the TRIPS Agreement.

First, Section 2 of the Act (15 USC 1052) was amended to provide greater protection to geographical indications used

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[3] The minutes of this meeting are contained in document IP/C/M/11.

[4] The questions from India as a follow-up to its initial questions 1 and 2 were posed after the review meeting (see document IP/C/W/54).

for wines and spirits. Specifically, Section 2(a) provides that registration will be refused if the mark consists of or comprises a geographical indication which, when used in connection with wines and spirits, identifies a place other than the origin of the goods and is first used on or in connection with wines or spirits by the applicant.

Second, Section 45 of the Act (15 USC 1127) was amended to incorporate the requirement of Article 19 of the TRIPS Agreement, that is that non-use for three consecutive years shall be *prima facie* evidence of abandonment.

Although the United States already meets its obligations to protect well-known marks, in 1996 the Federal Trademark Dilution Statute was passed. This Statute provides greater protection for well-known marks by permitting the owner of a well-known mark to prevent dilution of the distinctiveness of that mark by third parties.

The Bureau of Alcohol, Tobacco and Fire-Arms ("BATF") regulates the use of geographical indications in the labelling and advertising of distilled spirits, wine and malt beverages under the provisions of the Federal Alcohol Administration Act (Title 27, United States Code) and its implementing regulations. These regulations include parts of 27 CFR: Parts 4 and 12 for wine; Part 5 for distilled spirits; and Part 7 for malt beverages. The regulations include sections which prohibit the misleading use of statements and/or brand names that would mislead the consumer as to the origin of the product. The Federal Alcohol Administration Act provisions and implementing regulations are enforced through administrative action of the BATF investigative and enforcement authority, function to prevent the misleading use of geographical indications and afford parties the opportunity to submit complaints about the use of a particular

geographical indication. Judicial remedies are also available under the Federal Alcohol Administration Act under some circumstances.

The United States provides design protection through trademark, unfair competition, copyright and design patent laws. Design patent protection is the most important and generally used law for design protection. Section 171 of Title 35, United States Code, provides that whoever invents any new, original and ornamental design for an article of manufacture may obtain a patent therefor, subject to the conditions and requirements of this Title.

Trademark protection for designs is only available for those designs which are non-functional and source-indicating. Unfair competition law only protects a particular design insofar as protection is necessary to protect its consumers from confusion.

II. REPLY TO THE GENERAL QUESTION CONCERNING PRIORITY RIGHTS[5]

Does your country recognize a right of priority on the basis of an earlier trademark application filed in any other WTO Member by a national of a WTO Member?

Yes, the United States recognizes a right of priority on the basis of an earlier trademark application filed in any other WTO Member by a national of a WTO Member. Section 1126(b) of Title 15, United States Code provides:

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[5] At the meeting of the TRIPS Council of 11-15 November 1996, Members agreed to respond to this question in the context of the present review (document IP/C/M/11, paragraph 43).

"(b) *Rights of foreign owner of trademark.* Any person whose country of origin is a party to any convention or treaty relating to trademarks, trade or commercial names, or the repression of unfair competition, to which the United States is also a party, or extends reciprocal rights to nationals of the United States by law, shall be entitled to the benefits of this section under the conditions expressed herein to the extent necessary to give effect to any provision of such convention, treaty or reciprocal law, in addition to the rights to which any owner of a mark is otherwise entitled by this Act."

The TRIPS Agreement falls within the definition of "any convention or treaty relating to trademarks, trade or commercial names". As such, a national of a WTO Member is entitled to claim priority based on a trademark application filed originally in any WTO Member.

III. REPLIES TO QUESTIONS POSED BY THE EUROPEAN COMMUNITIES AND THEIR MEMBER STATES

1. *Article 15.5 of the TRIPS Agreement provides that "Members shall publish each trademark either before it is registered or promptly after it is registered and shall afford a reasonable opportunity for petitions to cancel the registration. In addition, Members may afford an opportunity for the registration of a trademark to be opposed." Currently, US opposition and cancellation proceedings often take many years to bring to decision, and there are numerous ways in which a party effectively can stall the proceedings. Please explain how currently US opposition and cancellation practice complies with Article 15.5 of the TRIPS Agreement.*

US trademark law is fully consistent with Article 15.5 of the TRIPS Agreement. Section 12(a) of the Trademark Act (15 USC 1062(a)) provides for the publication, in the US Patent and Trademark Office's Official Gazette, of marks that appear, following examination, to be entitled to registration. Section 13(a) of the Act (15 USC 1063(a)) provides that any person who believes he would be damaged by the registration of a mark may file an opposition to the mark's registration upon payment of the prescribed fee. Finally, Section 14 of the Act (15 USC 1064) provides for the filing of petitions for cancellation of a registration by any person who believes that he is or will be damaged by the registration of a mark.

The United States recognizes that paragraphs 2 and 4 of Article 62 of the TRIPS Agreement, read in conjunction with Article 15.5, impose an obligation for timeliness in proceedings involving the acquisition and maintenance of rights. US practice is fully consistent with that obligation. Any parties that wish to oppose the registration of a mark have 30 days in which to file a request. That period can be extended for an additional 30 days upon written request. Any further extension at the initial phase is available only with the agreement of the trademark applicant or owner or upon good cause shown. The Trademark Trial and Appeal Board ("TTAB") decides whether to grant any additional extension. Extensions of time during an opposition or cancellation proceeding will be granted only if all the parties agree or if the TTAB agrees that good cause has been demonstrated. The length of opposition or cancellation proceedings, therefore, is in the hands of the two parties, not just the party requesting the proceeding.

2. *Article 16.1 of the TRIPS Agreement provides that: "The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent*

from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In the case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use." Please explain how current US trademark statutes comply with the requirement that "[i]n the case of use of an identical sign for identical services, a likelihood of confusion shall be presumed".

The standard set out in both the common law and the federal statutory law is whether the defendant's use of the mark is "likely to cause confusion, or to cause mistake or to deceive".[6] The standard does not explicitly state the presumption of Article 16.1, but the presumption is implicit in the language of the statutory sections. The analysis of likelihood of confusion starts with an analysis of the differences between the competing marks and the relevant goods and services. The presumption is clear that only if the marks and goods are different will no likelihood of confusion be found. As stated in *Trademark Protection and Practice* by Jerome Gilson[7], "It is clear that the plaintiff in a trademark infringement case, to be entitled to relief, need prove only that confusion is likely." Thus, the courts which interpret the Lanham Act have uniformly found that likelihood of

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[6] Sections 2(d), 32(1) and 43(a) of the Trademark Act (15 USC 1052(d), 1114(1) and 1125(a)).

[7] *Trademark Protection and Practice,* Mathew Bender, 1996, x501[3].

confusion exists where the marks and goods are identical. As stated in *McCarthy on Trademarks* [8]:

> "Cases where the defendant uses an identical mark on competitive goods hardly ever find their way into the appellate reports. Such cases are "open and shut" and do not require protected litigation to determine liability for trademark infringement."

[Follow-up questions from the EC]

(a) *Under US law, is the holder of a trademark obliged to establish likelihood of confusion in cases of absolute identity between the mark and the sign and the goods and services for which they are used?*

A likelihood of confusion must be alleged in the complaint and the facts establishing that likelihood must be shown. However, where the goods and/or services and the mark of the complainant are identical to those of the infringer, a likelihood of confusion would be presumed.

(b) *Can the alleged infringer invoke the absence of a likelihood of confusion in such cases, with the possible effect that the complaint is rejected?*

The alleged infringer can, of course, plead that no likelihood of confusion exists in such a case. However, if the complainant has shown that its goods and/or services and its mark are identical to those of the infringer, the infringer will not prevail.

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[8] *McCarthy on Trademarks and Unfair Competition*, Third Edition, 1996, J. Thomas McCarthy, x23.03(2).

(c) *Could the United States explain on what legal basis and under which conditions well-known marks are protected in the United States, in accordance with Article 16.2 of the TRIPS Agreement and Article 6bis of the Paris Convention? On the basis of which criteria are trademarks considered to be "well-known" under US law?*

In the United States, well-known or famous marks are protected in the context of a determination of likelihood of confusion between the marks of two parties in accordance with Article 6bis of the Paris Convention. The issue can arise in the courts in an infringement or unfair competition action. It can also arise in the Patent and Trademark Office in an opposition or cancellation proceeding before the Trademark Trial and Appeal Board ("TTAB").

In determining likelihood of confusion between the marks of two parties, the courts have established a list of factors to consider. The relevant factors and the weight given to each factor varies from case to case depending on the factual situation. The landmark court decision that identifies the factors considered in the Federal Circuit and before the TTAB in determining likelihood of confusion is *In re E.I. Du Pont de Nemours & Co.*, 476 F.2d 1357, 1361, 177 USPQ 563, 567 (CCPA 1973). Fame is one of the factors identified.

In a recent case, the Federal Circuit emphasized the importance of fame in determining likelihood of confusion by stating: "A strong [famous] mark, on the other hand, casts a long shadow which competitors must avoid." (*Kenner Parker Toys, Inc., v. Rose Art Industries, Inc.*, 22 USPQ2d 1453 (Fed. Cir. 1992)). Thus, a famous mark is entitled to a broad scope of protection under US law, both in determining whether marks are similar and whether goods and services are considered related. This protection has been extended to

famous marks in use in foreign countries which are well-known in the United States (*Vaudable v. Montmartre*, Inc., 123 USPQ 357 (N.Y. Sup. Ct. 1959)).

However, in another recent Federal Circuit case, the foreign owner of a mark was unable to establish rights superior to a US company that had begun use in the United States (*Person's Co., Ltd., v. Christman*, 14 USPQ2d 1477 (Fed. Cir. 1990)). In that case, the foreign party did not assert or show that the relevant mark was famous internationally or in the United States. Thus, this decision in no way contradicts the long-established protection US law provides for famous marks.

There are no lists of famous marks in the United States, nor is there a fixed list of factors that must be considered in determining whether a mark is famous. A party can establish that its mark is famous through any relevant evidence. Such evidence can include, among other facts, the nature and extent of advertising expenditures, the length of use of the mark, surveys of the relevant universe of consumers, evidence of recognition by competitors that the mark is famous, or consumer affidavits attesting to the fame of the mark. The number and nature of factors that will be necessary to establish fame will depend on the situation in a particular case. In one recent case, the Court took judicial notice of the fame of the mark "BVD" for men's underwear, noting that BVD is a "household word" and identified as a trademark in two significant English language dictionaries (*The B.V.D. Licensing Corp. v. Body Action Design, Inc.*, 846 F.2d 727, 6 USPQ2d 1719 (Fed. Cir. 1988)).

When a mark has been established as famous, the courts will resolve any doubt as to likelihood of confusion in favour of the owner of the famous mark (*see Nina Ricci, S.A.R.L. v.*

E.F.T. Enters., 889 F.2d 1070, 12 USPQ2d 1901 (Fed. Cir. 1989)).

On 16 January 1996, the Federal Trademark Dilution Act was enacted. This law provides for a federal cause of action for dilution under Section 43 of the Trademark Act to protect a well-known mark against blurring and tarnishment. Under this section, the owner of a well-known mark can obtain an injunction against another's commercial use of the mark which dilutes the distinctive quality of the mark. In determining whether a mark is famous, the court can look at a variety of factors, including the degree of inherent or acquired distinctiveness of the mark; the duration and extent of use of the mark; the duration and extent of the advertising and publicity of the mark; the geographical trading area and trade channels in which the mark is used; the degree of recognition of the mark; the use of similar marks by third parties; and whether the mark is registered. These factors are applied on a case-by-case basis with no one factor being determinative.[9] Additionally, under this new law the ownership of a federal registration on the principal register acts as a complete bar to a claim of dilution brought under common law or state law.

For example, the shape and configuration of the Sunbeam MIXMASTER mixer was held to be a famous mark which was diluted by the use of a similar design by a competitor (*Sunbeam Products, Inc. v. The West Bend Co.*, 39 USPQ2d

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[9] In *Babson Bros. Co., v. Surge Power Corp.*, 39 USPQ2d 1953 (TTAB 1996), the TTAB held that the new dilution law does not include a provision which creates a statutory basis for an opposition or a cancellation. Therefore, it is not within the jurisdiction of the TTAB to determine a claim of dilution.

1545 (S.D. Miss. 1996)). In *Ringling Bros Barnum & Bailey Combined Shows, Inc. v. B.E. Window, Corp.*, 40 USPQ2d 1010 (S.D.N.Y. 1996), the court stated that the "nationally famous and distinctive mark" "THE GREATEST SHOW ON EARTH" was entitled to broad protection in the amusement or circus context. Lastly, in *Anheuser-Busch, Inc., v. Andy's Sportswear, Inc.*, 40 USPQ2d 1542 (DC N.D. Cal. 1996), the court held that the plaintiff's "BUDWEISER" marks were "unquestionably famous" in finding that the use of the defendant's mark diluted the distinctive quality of the plaintiff's marks.

Section 43(c) of the Trademark Act has also been used to determine whether an Internet domain name of a third party dilutes the distinctive quality of a well-known mark. In *Toys R Us, Inc., v. Mohamad Ahmad Akkaoui*, 40 USPQ2d 1836 (N.D. Cal. 1996) "Adultsrus.com" was held to dilute the "TOYS R US" family of famous marks. In another case, "INTERMATIC" was held as a matter of law to be a famous mark. Thus, the registration and use of "intermatic.com" by a third party was found to dilute the distinctive quality of the well-known mark (*Intermatic, Inc., v. Toeppen*, 40 USPQ2d 1412 (N.D. Ill. 1996)).

(d) *Could the United States explain on what legal basis and under which conditions well-known marks are protected against dilution in the United States, in accordance with Article 16.3 of the TRIPS Agreement and Article 6bis of the Paris Convention? How is the concept of "a connection between these goods and services and the owner of the registered trademark", as referred to in Article 16.3 of the TRIPS Agreement, applied under US law?*

The legal basis for protecting well known marks against dilution exists both under state and federal statutes. Section

43(c) of the Trademark Act (15 USC 1125(c)) provides the basis for a federal dilution claim.

The courts are only beginning to interpret the dilution statute, 15 USC 1125(c); therefore, case law is still evolving. In *Intermatic Inc. v. Toeppen* 40 USPQ2d 1412 (1996), the District Court found no relationship between the goods in trade of the Intermatic Corporation, the owner of the registered trademark, and the attempt by the defendant to sell or arbitrage Internet domain names. Nevertheless, the court found that the use of the mark, INTERMATIC, by defendant diluted the famous mark of the Intermatic Corporation. In a related case, the court found that use of the domain name, CANDYLAND.COM, by the purveyor of sexually explicit materials, diluted the CANDYLAND trademark owned by the Hasbro company for its famous children's game (*Hasbro Inc. v. Internet Entertainment Group Ltd.* 40 USPQ2d 1477 (1996)). On the other hand, in *Ringling Bros. Barnum & Bailey Combined Shows Inc. v. B.E. Windows Corp.* 40 USPQ2d 1010 (1996), the court relied heavily on the fact that the plaintiff was in "show" business and the defendant was using its mark, THE GREATEST BAR ON EARTH, in a different field of endeavour.

(e) *Please explain whether the United States accepts any trademark duly registered in the country of origin for filing and protection as is required, in accordance with Article 2.1 of the TRIPS Agreement, in conjunction with Article 6quinquies of the Paris Convention. Is it correct that the actual use of such trademarks is not a condition for their registration? If not, please explain how such practice complies with Article 2.1 of the TRIPS Agreement, in conjunction with Article 6quinquies of the Paris Convention.*

The US law provides for registration of marks under Article 6*quinquies* of the Paris Convention. Such marks need not be in use in order to be registered.

3. *Article 19.1 of the TRIPS Agreement provides that "If use is required to maintain a registration, the registration may be cancelled only after an uninterrupted period of at least three years of non-use, unless valid reasons based on the existence of obstacles to such use are shown by the trademark owner." Please explain how current US trademark laws comply with the TRIPS Agreement's requirement that "registration may be cancelled only after an uninterrupted period of three years of non-use".*

The current presumption in Section 45 of the Lanham Act (15 USC 1127) states:

> *"Abandonment of mark.* A mark shall be deemed to be "abandoned" when either of the following occurs:
>
> (1) When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Non-use for three consecutive years shall be *prima facie* evidence of abandonment..."

US law incorporates the TRIPS standard as a presumption which permits the person seeking cancellation to have the mark declared abandoned if there has been non-use for three consecutive years.

Further, under US practice, if an affidavit of use is filed to maintain a registration, and the specimen submitted with the affidavit of use, shows use in the prior three years, that specimen is considered to meet the requirements of both

Sections 8 and 9 of the Lanham Act (15 USC 1058 and 1059) for showing current use in commerce.

[Follow-up question from the EC]

On the basis of the wording of Section 45 of the Lanham Act, it would seem that a person might successfully seek the cancellation of a mark on the basis of non-use, where the period of non-use is less than three years. If this is correct, please explain how the position under US law complies with Article 19.1 of the TRIPS Agreement.

Under US law, a mark can be cancelled at any time if it can be successfully proved that use of the mark has been discontinued and that there is no intention on the part of the owner of the mark to resume the use of the mark. This approach is fully consistent with Article 19.1 of the TRIPS Agreement where the requirement of at least three years of non-use before a mark may be cancelled pertains to the maintenance requirements for the registration. Therefore, the Patent and Trademark Office will not cancel a registration where the documents filed to maintain the registration show less that three years of non-use.

4. *The United States has indicated that the term "geographical indication" as used in Section 2 of the Trademark Act will be interpreted to comprise "only those areas which have a reputation for being associated with the specific goods at issue". Please explain how this interpretation is consistent with Article 22 of the TRIPS Agreement, which defines geographical indications as "indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin".*

The US language is fully consistent with the TRIPS language in Article 22.1, which provides:

> "Geographical indications are ... indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin."

Under US law, a geographical indication, which is being registered because it names an area where a given quality, reputation or other characteristic of the good is essentially attributable to that area, would be registered as a certification mark. The Lanham Act specifically exempts "indications of regional origin" (Section 4 of the Act (15 USC 1054)) from refusals for geographic descriptiveness under Section 2(e)(2) (15 USC 1052(e)(2)).

[Follow-up question from the EC]

Article 22 of the TRIPS Agreement defines a geographical indication as an indication which identifies a good as originating in the territory of a WTO Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin. Is it the case that protection in the United States of geographical indications is limited to when it is the reputation of the good that is attributable to its geographical origin; and so no protection is afforded when any other characteristic of the product is essentially attributable to its geographical origin?

No such limitation exists in US law.

5. Under Section 2(a) of the Trademark Act (15 USC 1052(a)), the United States permits the registration or continuation of a trademark that includes a false geographical indication for wines or spirits, if the trademark was first used before the date of application of the TRIPS Agreement. The United States does not require a determination that the trademark was applied for, registered, or acquired in "good faith". Please explain how this provision is consistent with Articles 23.2 and 24.5 of the TRIPS Agreement, which provide that trademark registration shall be refused or invalidated for a false geographical indication for wines and spirits except where a trademark has been applied for or registered in good faith, before the application of the TRIPS Agreement.

Section 14 of the Lanham Act (15 USC 1064) provides that a registration may be cancelled at any time where it has been obtained fraudulently or contrary to the provisions of Section 4 (15 USC 1054) or of sub-section (a), (b) or (c) of Section 2 (15 USC 1052) for a registration under the Act. This language permits cancellation of a registration obtained in bad faith.

6. *Article 23 of the TRIPS Agreement sets forth "Additional Protection for Geographical Indications for Wines and Spirits". Article 23.1 states that "Each Member shall provide the legal means for interested parties to prevent use of a geographical indication identifying wines for wines not originating in the place indicated by the geographical indication in question ... even where the true origin of the goods is indicated or the geographical indication is used in translation or accompanied by expressions such as "kind", "type", "style", "imitation", or the like." Does US legislation implement this provision? If not, what intentions*

does the US Government have in order to provide for such protection?

The United States does comply fully with the obligation of Article 23.1. An interested party may file a complaint in the United States with the Bureau of Alcohol, Tobacco and Firearms ("BATF"). BATF will conduct an investigation in which all involved parties are afforded an opportunity to present their view and evidence, on the basis of which BATF will base its decision.

Regarding the use of geographical indications on wine labels, BATF can enforce its decision through the non-issuance or revocation of certificates of label approval issued under the Federal Alcohol Administration Act, 27 USC 205(e). BATF currently is working to issue regulations governing the procedures for revocation of a certificate of label approval in accordance with Notice No. 815, 60 Federal Register 47506 (13 September 1995).

Additionally, the United States relies upon the Trademark Act of 1946, specifically Section 2(a) (15 USC 1052(a)), which provides that a "geographical indication which, when used on or in connection with wines or spirits, identifies a place other than the origin of the goods and is first used on or after one year after the date on which the WTO Agreement enters into force with respect to the United States" will be refused registration by the US Patent and Trademark Office. The US Patent and Trademark Office will *ex officio* refuse registration of a geographical indication, if the use of the geographical indication does not indicate the true origin of the wine or spirits. Section 2(a) (15 USC 1052(a)) also can be the basis for a petition to the US Patent and Trademark Office to cancel an existing registration.

[Follow-up question from the EC]

The reply given does not seem fully to answer the point raised in the question. It appears to indicate the competent body and the procedure followed by this body to refuse or approve a label. It is also indicated that the US Patent and Trademark Office will ex officio refuse registration of a geographical indication if the use of the geographical indication does not indicate the true origin of the wine or spirits. However, no answer has been given to the question whether US legislation implements Article 23.1 of the TRIPS Agreement, in relation to the provision of the legal means for interested parties to prevent the use of a geographical indication not originating in the place indicated by the geographical indication in question, even where the true origin of the good is indicated or the geographical indication is used in translation or accompanied by expressions such as "kind", "type", "style", "imitation" or the like. Could the United States please clarify this answer?

Protection is provided through Section 43(a) of the Trademark Act of 1946, as amended (15 USC 1125). It states:

> "(a)(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which -
>
> (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person

> with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, [...]
>
> [...]
>
> shall be liable in a civil action by any person who believes that he or she is likely to be damaged by such act.
>
> [...]"

Note that registration of the geographical indication is not required to invoke the protection offered by Section 43(a) of the Trademark Act.

Additionally, the obligation in Article 23.1 of the TRIPS Agreement is qualified by the footnote providing that Members may provide for enforcement by administrative action. Accordingly, national legislation enacted as statutory law is not required.

The means used by the United States to meet this obligation include administrative procedures provided by the Bureau of Alcohol, Tobacco and Firearms (BATF) whereby interested parties can submit complaints about the use of a particular geographical indication. BATF's investigative and enforcement authority under the Federal Alcohol Administration Act and implementing regulations function to enable the agency to evaluate the use of a particular designation of geographic significance and determine on a case by case basis whether such designation is being used in contravention of the laws, regulations and obligations of the United States.

These same legal means apply when the expressions such as "kind", "type", "style", "imitation", or the like are improperly used in conjunction with a geographical indication.

7. *Under 27 Code of Federal Regulations ("CFR") §4.24, the Director of the Bureau of Alcohol, Tobacco and Firearms ("BATF") has sole authority to determine whether a name of geographic significance with respect to wine has become "generic" or "semi-generic". Please explain the basis on which the Director determines whether names of geographic significance, which are recognised and protected in the European Community and its Member States, are or have become "generic" or "semi-generic" and explain also how the relevant standard comports with Articles 22.1 and 23.1 of the TRIPS Agreement.*

A "generic" or "semi-generic" wine name is a name of geographic significance which is also the designation of a class or type of wine (27 CFR §4.24(a)(1) and (b)(1)). These are names that were originally developed based on their geographic origin but have come to be known to consumers and the industry as descriptive of a kind of wine, separate and apart from their geographic origin. The Director of BATF exercises the authority through the rule making procedures authorized under the Administrative Procedure Act, 5 USC §§551 *et seq.* Evidence is collected which the Director uses to determine whether or not a particular name has become descriptive of a kind of wine in the customary usage or common parlance of the United States.

[Follow-up question from the EC]

The answer given by the United States appears to indicate that the Director of BATF can continue to determine in the

future whether or not a particular name has become descriptive of a kind of wine in customary usage or common parlance in the United States. Does this provision fulfil the requirements of Article 24.3, which establishes that a WTO Member shall not diminish the protection of geographical indications that existed in that Member immediately prior to the date of entry into force of the Agreement Establishing the WTO. Could the United States explain what the criteria are to decide whether a name is generic?

The requirement in Article 24.3 is qualified by Article 24.6, which permits a Member always to permit the use of geographical indications that are customary in common language as the common name for such goods or services in the territory of that Member. The same is true with respect to products of the vine where the relevant indication is identical with the customary name of the grape variety existing in the territory of that Member as of the date of entry into force of the WTO Agreement.

The criteria used to determine if a name is "generic" is based on whether such name, due to its usage and common knowledge, has lost its geographical significance. In other words, the name must have been used so frequently and by so many for such a long period of time that its geographical significance has been lost and it has thereby become known to the consumer and trade as a description of a type or style of a product rather than a geographical designation. Consequently, a generic name in the United States would be one that is customarily used in common language as the common name for the product. The Director of BATF is the person authorized to determine whether a name has become "generic" based on evidence gathered during the rulemaking process.

8. *Under 27 Code of Federal Regulations ("CFR") §5.22(k)(2), the Director of BATF has sole authority to determine whether geographical names for distilled spirits "have by usage and common knowledge lost their geographical significance to such extent that they have become generic". Please explain in greater detail the basis on which the Director determines whether a geographical name for distilled spirits has become "generic" and explain how the relevant standard comports with Articles 22.1 and 23.1 of the TRIPS Agreement.*

The response to question 7 above applies equally to this question.

[Follow-up question from the EC]

Under 27 CFR §4.24, the Director of BATF has sole authority to determine whether a name of geographical significance with respect to wine or spirits becomes "customary in the common language". In the case of a non-American name, how are the possible use, reputation and protection of the name in the country of origin taken into account when the Director of BATF takes his decision?

The original question 8 concerned distilled spirits under Section 5.22(k)(2), so we are unclear why a question under the wine regulations is posed as part of the follow-up question to question number 8. Nevertheless, we will reply to this new question.

The Director of BATF will take into consideration the use, reputation and protection of the name in the country of origin, along with any other pertinent factors, as part of the rulemaking process prior to making a decision whether a name of geographic significance has become "customary in

the common language". In such cases, interested parties will be encouraged to submit comments during the public comment period as to whether such a proposed name of geographic significance should be approved as a generic or semi-generic name. The Director of BATF will weigh all the evidence gathered during the rulemaking proceeding before making a final decision.

9. *Please explain, how the Director of BATF will exercise the authority to designate names of geographic significance for wines as "semi-generic" or "generic" and the authority to designate geographical names for distilled spirits "generic" consistent with the obligation of Article 24.3 of the TRIPS Agreement not to "diminish the protection of geographical indications that existed [in the United States] immediately prior to the entry into force of the WTO Agreement".*

The Director of BATF will exercise the authority to designate "generic" and "semi-generic" wine names and "generic" spirits names after the date of entry into force of the WTO Agreement in accordance with the relevant provisions of Article 24 of the TRIPS Agreement, including paragraph 6.

[Follow-up question from the EC]

The answer given by the United States indicates that the Director of BATF will exercise the authority in accordance with the relevant provisions of Article 24 of the TRIPS Agreement. Can we understand that this answer includes Article 24.1? Given that Article 24.6 cannot derogate from Article 24.3, does the United States consider that Article 24.6 is applicable to generics and semi-generics that "existed in that Member immediately prior to the date of entry into force of the WTO Agreement"?

The United States will participate in the eventual talks under Article 24.1. The United States does not agree that Article 24.6 "cannot derogate from Article 24.3". Article 24.6 is worded ("[n]othing in this section") as a general qualification on the entire Section, including the application of Article 24.3. For additional information on the application of Article 24.6, see our answer to the follow-up question from the EC to its initial question 7.

The United States considers that, based on the introductory phrases of Articles 24.3 and 24.6, generic and semi-generic names are not necessarily limited to those in use "in that Member prior to the date of entry into force of the WTO Agreement" (see our answer to part 1 of the EC's question 7 above). This determination is also based on the recognition that there are no effective date provisions listed in the first sentence of Article 24.6. Accordingly, Article 24.6 is a broad substantive provision and not a more narrow exception like Article 24.3, which "freezes" in place certain rights that existed as of the effective date of the entry into force of the Agreement Establishing the WTO.

10. *Under 27 Code of Federal Regulations ("CFR") §4.24(b)(1), a "semi-generic" name of geographical significance for wine may be used to describe wine that is not of the indicated origin, so long as it is accompanied by an indication disclosing the wine's true place of origin. Please explain how this provision is consistent with Article 23.1 of the TRIPS Agreement which forbids false use of geographical indications even where the true origin of the good is indicated.*

As explained in the response to question 9 above, US law and practice in connection with "semi-generic" wine names is fully consistent with the obligations of the TRIPS

Agreement on geographical indications, including Article 24.6.

[Follow-up question from the EC]

Is it not the case that the provision under 27 CFR §4.24(b)(1), that a "semi-generic" name of geographical significance for wine may be used to describe wine even if it is not of the indicated origin so long as it is accompanied by an indication disclosing the wine's true place of origin, is in contradiction with Article 23.1 of the TRIPS Agreement which forbids false use of geographical indications even where the true origin is indicated? Is it not the case that this position is not affected by anything in Article 24.6?

The use of semi-generic names, which are provided for in BATF regulations, are authorized by Article 24.6 of the TRIPS Agreement. Additionally, under certain conditions, the use of semi-generic wine names is also authorized under Article 24.4. Once the United States has established that the use of the semi-generic name is allowed under the TRIPS Agreement, then the United States is free to impose any additional conditions on the use of the semi-generic wine name. In the present case, the United States has decided to impose the additional condition that the semi-generic wine name appear in conjunction with an appellation of origin. Therefore, Article 23.1 has no relevance here.

11. *Does US law provide for the protection of textile designs, including fashion? If yes, on what legal basis and under which conditions (Article 25.2 of the TRIPS Agreement)?*

The United States does provide protection for textile designs in the manner required by Article 25.2 of the TRIPS Agreement. That paragraph requires each Member to

"ensure that requirements for securing protection for textile designs, in particular in regard to any cost, examination or publication, do not unreasonably impair the opportunity to seek and obtain such protection". That paragraph goes on to indicate that Members are free to meet that obligation "through industrial design law or through copyright law". In the United States, this obligation is met through copyright law.

Copyright is a statutory right that subsists in an original work of authorship. Under the US Copyright Act, a wide variety of works are protectable, including: literary, musical, dramatic, pantomimes and choreographic, pictorial, graphic, sculptural, motion pictures and other audiovisual works, sound recordings and architectural works. Subsumed within this enumerated list are textile designs. Copyright subsists at the time of creation of the work without the necessity of any formalities, such as registration or publication with copyright notice. Accordingly, there are no costs, examination or publication requirements associated with obtaining copyright protection in the United States.

[Follow-up question from the EC]

Does any person who has duly filed an application for the registration of an industrial design in one of the countries of the Paris Union, or any Member of the WTO, enjoy, for the purpose of filing a US design, a right of priority in accordance with Article 2.1 of the TRIPS Agreement, in conjunction with Article 4 of the Paris Convention? If not,

please explain how the position under US law complies with the above-mentioned articles of the relevant agreements.

[...][10]

IV. REPLIES TO QUESTIONS POSED BY NEW ZEALAND

1. *Please explain how Sections 1(a)(1)(a) and (b)(1)(a) of the Trademark Act (15 USC 1051) comply with Article 15.3 of the TRIPS Agreement in requiring an applicant to state in an application the date of first use of the mark and the date of the first use of the mark in commerce ((a)(1)(a)), or the bona fide intention to use the mark in commerce ((b)(1)(a)).*

Under US law, the applicant for trademark registration may allege several different bases to establish the jurisdiction of the Patent and Trademark Office (PTO) over its application. There is no requirement that an applicant use the mark in order to apply for registration. An applicant may file based on its intention to use the mark or based on the ownership of a foreign registration or application.

2. *In Section 2(a) of the Trademark Act (15 USC 1052) reference is made to "national symbols". Please explain the scope of this provision, providing some examples of the types of symbols which are covered by this provision.*

A "national symbol" is subject matter of unique and special significance which, because of its meaning, appearance and/or sound, immediately suggests or refers to the country for which it stands (*In re Consolidated Foods*

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[10] See footnote 2 above.

Corp., 187 USPQ 63 (TTAB 1975)). National symbols include the symbols of foreign countries as well as those of the United States (*In re Anti-Communist World Freedom Congress Inc.*, 161 USPQ 304 (TTAB 1969)).

The US law does not prohibit the registration of marks comprising national symbols; the pertinent provision merely prohibits registration of matter which may disparage national symbols, falsely suggest a connection with them, or hold them up to contempt or disrepute (*Liberty Mutual Insurance Co. v. Liberty Insurance Co. of Texas*, 185 F.Supp. 895, 908, 127 USPQ 312, 323 (E.D. Ark. 1960)).

Examples of designs which were considered "national symbols": the representation of a hammer and sickle held to be a national symbol of the Soviet Union (*In re Anti-Communist World Freedom Congress Inc.*, 161 USPQ 304); the American bald eagle (*In re National Collection & Credit Control Inc.*, 152 USPQ 200, 201 (TTAB 1966)).

3. *Please confirm that Section 2(e)(3) of the Trademark Act (15 USC 1052) will prevent the registration in the United States of a trademark where the applicant has used the name of a WTO Member, either on its own or in combination with other words, but where the applicant and the goods or services, the subject of the application, have no connection to the WTO Member in question.*

Under US law, registration is refused when the mark in question contains a term which is "primarily geographically deceptively misdescriptive". Three conditions must be met in order to successfully make this refusal: (1) the term for which registration is sought must be one whose primary significance is geographic; (2) purchasers would be likely to think that the goods originated in the geographic place

identified in the mark; and (3) the goods or services do not originate in that place. Under these standards, registration would be refused where the name of a WTO Member was the subject matter of the registration and the goods or services identified in the registration do not emanate from that Member. To establish a goods-place association, the examining attorney must only show that it is reasonable to believe that the goods or services could have emanated from the named place. There is no need to establish that the particular geographic area named is "known for" the goods or services in question (*In re Loew's Theaters, Inc.*, 226 USPQ 865,868 (Fed. Cir. 1985)).

The US law concerning geographic terms has undergone significant changes due to the legislation which implemented US obligations under the North American Free Trade Agreement (NAFTA) and the TRIPS Agreement. After 8 December 1993, the standard concerning registration of geographic terms became considerably stricter. Under changes made to implement NAFTA, geographic terms which are primarily geographically deceptively misdescriptive can no longer be disclaimed or shown to be distinctive under Section 2(f) of the Trademark Act (15 USC 1052(f)). However, for applications filed prior to 8 December 1993, a disclaimer of a primarily merely misdescriptive geographic term could be entered to overcome the descriptive or misdescriptive refusal so long as the geographic term was not deceptive under Section 2(a) of the Act (15 USC 1052(a)) and so long as the applicant was not disclaiming the mark in its entirety.

In addition, Sections 13 and 14 of the Trademark Act (15 USC 1063 and 1064) provide that any person harmed by the registration of a particular term may oppose or cancel the registration of such a mark. In addition, Section 43 of the

Trademark Act permits an aggrieved party to stop the use of such a term, even if the term is not registered.

4. *Would Section 2(e)(1) of the Trademark Act (15 USC 1052) enable a WTO Member to prevent the registration of a trademark in the circumstances described in question 3 above, taking into account the qualification in Section 2(f)?*

Section 2(e)(1) (15 USC 1052), would not be the appropriate ground for refusal, cancellation or opposition to the registration of a geographically misdescriptive term as described in the hypothetical situation of question 3 above.

The provisions of Section 2(f) do not apply to terms which are primarily geographically deceptively misdescriptive. Three conditions must be met in order to successfully show that a term is primarily geographically deceptively misdescriptive: (1) the term for which registration is sought must be one whose primary significance is geographic; (2) purchasers would be likely to think that the goods originated in the geographic place identified in the mark; and (3) the goods or services do not originate in that place. Under these standards, registration would be refused where the name of a WTO Member was the subject matter of the registration and the goods did not emanate from that place. To establish a goods-place association, the examining attorney must only show that it is reasonable to believe that the goods or services could have emanated from the named place. There is no need to establish that the particular geographic area named is "known for" the goods or services in question (*In re Loew's Theaters, Inc.*, 226 USPQ 865,868 (Fed. Cir. 1985)).

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In addition, Sections 13 and 14 of the Trademark Act (15 USC 1063 and 1064) provide that any person harmed by the registration of a particular term may oppose or cancel the registration of such a mark. In addition, Section 43 of the Trademark Act permits an aggrieved party to stop the use of such a term, even if the term is not registered.

5(a) *Would Section 6 of the Trademark Act (15 USC 1056) enable a trademark which includes the name of a WTO Member to be registered if the Member's name is disclaimed?*

Where appropriate, an applicant may disclaim the geographic component of a mark. The geographic component must be a separable component, i.e. the mark is not unitary, the mark must include other inherently distinctive matter, and the geographic component must not be primarily geographically deceptively misdescriptive.

The purpose of a disclaimer is to make it clear, if it might otherwise be misunderstood, that a significant element of the mark is not being exclusively appropriated by the applicant.

Additionally, under changes made to implement NAFTA, geographic terms which are primarily geographically deceptively misdescriptive can no longer be disclaimed or shown to be distinctive under Section 2(f) of the Trademark Act (15 USC 1052(f)). However, for applications filed prior to 8 December 1993 a disclaimer of a primarily merely misdescriptive geographic term could be entered to overcome the descriptive or misdescriptive refusal so long as the geographic term was not deceptive under Section 2(a) of the Act (15 USC 1052(a)) and so long as applicant was not disclaiming the mark in its entirety.

5(b) *Would the answer to question 5(a) also apply if the applicant's trademark was caught by Section 2(e)(3) of the Act (15 USC 1052(e)(3))?*

Yes.

6. *Article 25.1 of the TRIPS Agreement states that Members may provide that protection for designs shall not extend to designs dictated essentially by technical or functional considerations. In 35 USC 171, protection for technical and functional designs is excluded. Are these designs protected by US law in some other way? If so, how are they protected and for how long do they receive protection?*

35 USC 171 provides that "[w]hoever invents any new, original and ornamental design for an article of manufacture may obtain a patent therefor, subject to the conditions and requirements of this title". Because the subject matter of a design patent is limited to "ornamental designs", courts in the United States have consistently held that protection does not extend to the structural or utilitarian features of an article of manufacture. A design for an article of manufacture that is

dictated purely by the function of the article lacks ornamentality and is not, therefore, patentable subject matter.

35 USC 101, however, provides that "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title". This establishes the basis for the grant of so-called "utility patents" as distinct from "design patents" established under 35 USC 171, cited above. It is through utility patents that one may obtain protection for designs that are purely technical and functional.

V. REPLIES TO QUESTIONS POSED BY JAPAN

1. *Please explain whether a specimen or facsimile attached to an affidavit is accepted as showing "the current use" described in Article 8 of the Lanham Act if it shows the use at some point within three years prior to the submission of the affidavit. If it is not acceptable, please explain its consistency with the provisions of Article 19 of the TRIPS Agreement stipulating that "the registration may be cancelled only after an uninterrupted period of at least three years of non-use".*

If otherwise acceptable, such a specimen or facsimile would not be rejected due to its date.

2. *Since it is not clearly stipulated in the laws and regulations of the United States concerning industrial designs that textile designs are protected in conformity with the TRIPS Agreement, please explain under which provision of the Act or other copyright related law these designs are protected. Moreover, to make sure that the opportunity to seek and obtain protection for textile designs is not impaired unreasonably, please explain your system or practice*

particularly with regard to cost, examination or publication (cf. paragraph 2 of Article 25 of the TRIPS Agreement).

The United States does provide protection for textile designs in the manner required by Article 25.2 of the TRIPS Agreement. That paragraph requires each Member to "ensure that requirements for securing protection for textile designs, in particular in regard to any cost, examination or publication, do not unreasonably impair the opportunity to seek and obtain such protection". That paragraph goes on to indicate that Members are free to meet that obligation "through industrial design law or through copyright law". In the United States, this obligation is met through copyright law.

Copyright is a statutory right that subsists in an original work of authorship. Under the US Copyright Act, a wide variety of works are protectable, including: literary, musical, dramatic, pantomimes and choreographic, pictorial, graphic, sculptural, motion pictures and other audiovisual works, sound recordings, and architectural works. Subsumed within this enumerated list are textile designs. Copyright subsists at the time of creation of the work without the necessity of any formalities, such as registration or publication with copyright notice. Accordingly, there are no costs, examination or publication requirements associated with obtaining copyright protection in the United States.

VI. REPLIES TO QUESTIONS POSED BY AUSTRALIA

1. *Please explain how your law satisfies the requirements of Article 22 of the TRIPS Agreement in respect of geographical indications.*

Section 43(a) of the US Trademark Act (15 USC 1125) provides that any entity that uses a false designation of origin or a false or misleading representation of fact in connection with any goods or services shall be liable in civil action to any person who believes he or she is damaged by that act.

Under the criminal provisions of the Trademark Counterfeiting Act of 1984, intentional trafficking using a counterfeit mark on or in connection with goods or services may be fined up to US$ 15 million and imprisoned for not more than 20 years. These penalties are in addition to any civil penalties which may be assessed.

Section 2(a) (15 USC 1052(a)) provides that a geographical indication which when used on or in connection with wines or spirits identifies a place other than the place of origin of the goods, and such registration is sought after the provisions of the WTO came into effect, will be refused. In addition, Section 2(a) prohibits the registration of any mark which is deceptive. A deceptive mark is one in which the deceptive term in the mark would influence the purchasing decision of the public.

Sections 2(e)(2) and 2(e)(3) (15 USC 1052(e)(2) and (e)(3)) provide that registration of a primarily geographically descriptive mark or a primarily geographically deceptively misdescriptive mark shall be refused.

The misleading use of geographical indications in the labelling and advertising of distilled spirits, wines and malt beverages is also regulated under the provisions of the Federal Alcohol Administration Act, as administered and enforced by the Bureau of Alcohol, Tobacco and Firearms. The implementing regulations include 27 Code of Federal Regulations, Parts 4 and 12 for wine; Part 5 for distilled

spirits; and Part 7 for malt beverages. Under these regulations, BATF has the authority to prevent the misleading use of geographical indications for distilled spirits (27 CFR 5.34 and 5.42); wine (27 CFR 4.33(b) and 4.39(a)(1), (k), (i) and (j)); and malt beverages (27 CFR 7.23(b)).

2. *Please describe any provisions in your law which address the requirements of Article 23 of the TRIPS Agreement.*

See the answer to question 1 above with respect to the extent to which Article 23 is implemented through the Trademark Act of 1946. The Federal Alcohol Administration Act provisions and regulations governing distilled spirits and wine, which are enforced through administrative action of BATF's investigative and enforcement authority, function to prevent the misleading use of geographical indications. The provisions and regulations afford parties the opportunity to submit complaints about the use of a particular geographical indication in accordance with the footnote in Article 23.1 of the TRIPS Agreement concerning enforcement by administrative action. This approach enables BATF to evaluate the use of a particular designation of geographical significance and determine on a case by case basis, whether such designation is being used in contravention of the laws, regulations and obligations of the United States. Judicial remedies are also available under the Federal Alcohol Administration Act under some circumstances.

Regarding the use of geographical indications on wine labels, BATF can enforce its decisions through the non-issuance or revocation of certificates of label approval issued under the Federal Alcohol Administration Act (27 USC 205(e)). The procedures by which BATF can revoke a certificate of label approval are in the process of being

codified in the regulations pursuant to Notice No. #815, 60 Federal Register 47506 (13 September 1995).

In regard to Article 23.3 of the TRIPS Agreement, the labelling and advertising authority under the Federal Alcohol Administration Act and implementing regulations enable BATF to address homonymous geographical indications.

3. *Please explain how your legislation deals with the issue of pre-existing trademark rights vis-à-vis the protection of geographical indications. Are there any instances of permitted dual use of the same matter as a trademark and as a geographical indication? Please provide details of any such instances.*

Pre-existing trademark rights will be grandfathered and granted continuing protection. With respect to the second part of the question, our law protects geographical indications as trademarks, provided that the requirements for such protection in the law are met.

4. *Do you protect textile designs as required under Article 25 of the TRIPS Agreement by industrial design law, copyright law, sui generis legislation or a combination of these?*

Textile designs are protected through the copyright law. In the United States, finished clothing or unmarked cloth is considered utilitarian and therefore unprotectable by copyright. Finished clothing is protected by design patent.

5. *If it is a requirement of your trademark law that a sign be "visually perceptive", how is this requirement applied?*

There is no requirement that signs be visually perceptible.

6. *If your trademark legislation permits the registration of sounds and smells, how are such signs received in the Trademarks Office and entered in the Trademarks Register?*

Sounds are generally submitted on cassette tape with a written description of the mark contained in the application. Smells are intrinsic to the goods and samples of the actual goods are submitted.

7. *How does your legislation meet the requirements of Article 6bis of the Paris Convention, as expressed in Article 16 of the TRIPS Agreement, concerning well-known trademarks? What criteria are applied in determining what constitutes a well-known trademark?*

In making a determination of whether or not a mark is well-known, the courts look at a variety of factors. An exhaustive list of factors for this determination does not exist, but these factors include:

(1) degree of inherent or acquired distinctiveness;

(2) duration and extent of use;

(3) duration and extent of advertising;

(4) geographical extent of trading area;

(5) channels of trade;

(6) degree of recognition of the mark;

(7) nature and extent of use of the same or similar marks by third parties.

A determination of whether a mark is well-known is made in the context of an infringement action between two parties at the federal level or in the context of an administrative proceeding of the Trademark Trial and Appeal Board's determination of rights in a registration.

VII. REPLIES TO QUESTIONS POSED BY INDIA

1. *Does the United States provide protection of geographical indications as required under Article 22 of the TRIPS Agreement only through registration as collective marks and certification marks? Can passing off action be initiated in US courts without registration in such a manner?*

Protection is provided through Section 43(a) of the Trademark Act of 1946 (15 USC 1125), as amended. It states:

> "(a)(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which -
>
> (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, [...]
>
> [...]

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

[...]"

Note that registration of the geographical indication is not required to invoke the protection offered by Section 43(a) of the Trademark Act.

Protection is also available under the laws and regulations administered by the Bureau of Alcohol, Tobacco and Firearms. The pertinent law covering geographical indications is the Federal Alcohol Administration Act and implementing regulations. These regulations include 27 Code of Federal Regulations, Parts 4 and 12 for wine; Part 5 for distilled spirits; and Part 7 for malt beverages. Under these regulations, BATF has the authority to prevent the misleading use of geographical indications for distilled spirits, wine and malt beverages. Thus registration is not required before an action can be brought in Federal Court.

[Follow-up questions from India]

(a) *Is the answer given by the United States that registration is not required before an action can be brought in Federal Court applicable only to alcohol, tobacco and firearms or does it apply to all products?*

Action under Section 43(a) of the Trademark Act of 1946, as amended, is available to anyone who meets the requirements set out in the Section. The relief provided by the Section is not restricted to a particular type of product or service.

(b) *How does the United States provide legal means for any party to prevent unfair competition within Article 10bis of the Paris Convention, in particular in respect of any act of competition contrary to honest practices?*

15 USC 1125 is the federal statute that protects against unfair competition. Various state statutes also apply.

2. *Article 24.9 of the TRIPS Agreement states, inter alia, that there shall be no obligation under this Agreement to protect geographical indications which are not protected in their country of origin. If a geographical indication is protected in the country of origin by courts under passing off action, will the United States allow it to be similarly protected in its territory?*

Whether the geographical indication is protected in its country of origin might be one factor which a court would consider. However, the issues to be considered under Section 43(a) of the Trademark Act is whether the geographical term is a false designation of origin or whether the term causes confusion, mistake or is deceptive and use of the term damages the interests of another.

[Follow-up questions from India]

(a) *Is it to be understood from the answer given by the United States that, if a false designation of origin causes confusion or mistake or can be considered as deceptive, then the geographical indication is protected in the United States even when it is protected only under passing off action in the country of origin?*

Yes. Any person who is likely to be harmed by the use of a false designation of origin or a false or misleading

representation of fact may seek redress under Section 43 of the Trademark Act of 1946, as amended (15 USC 1125).

(b) *Is there any provision in the US law which requires a geographical indication to be protected in the country or origin before remedies can be made available under Section 43(a) of the Trademark Act of 1946, as amended?*

No.

VIII. REPLIES TO QUESTIONS POSED BY SWITZERLAND

We are informed that many trademarks containing the designation "Swiss" are accepted by the Patent and Trademark Office if the applicants disclaim exclusive rights on that designation. The Swiss authorities hold the view that the system of disclaimer is not the most appropriate tool to avoid the use of misleading geographical designations in general and the undue use of the name "Swiss" in particular. Please explain the system of "disclaimer", in particular in relation to geographical indications. How would the US authorities justify this system and practice which equates with a refusal to protect geographical indications against misleading use as to the origin of the products or services?

Under US law, registration is refused when the mark in question contains a term which is "primarily geographically deceptively misdescriptive". Three conditions must be met in order to successfully make this refusal: (1) the term for which registration is sought must be one whose primary significance is geographic; (2) purchasers would be likely to think that the goods originated in the geographic place identified in the mark; and (3) the goods or services do not originate in that place. Under these standards, registration

would be refused where the word "Swiss" was the subject matter of the registration and the goods or services identified in the registration did not emanate from Switzerland. To establish a goods-place association the examining attorney must only show that it is reasonable to believe that the goods or services could have emanated from the named place. There is no need to establish that the particular geographic area named is "known for" the goods or services in question (*In re Loew's Theaters, Inc.*, 226 USPQ 865,868 (Fed.Cir.1985)).

The US law concerning geographic terms has undergone significant changes due to the legislation which implemented US obligations under the North American Free Trade Agreement (NAFTA) and the TRIPS Agreement. After 8 December 1993, the standard concerning registration of geographic terms became considerably stricter. Under changes made to implement NAFTA, geographic terms which are primarily geographically deceptively misdescriptive can no longer be disclaimed or shown to be distinctive under Section 2(f) (15 USC 1052(f)). However, for applications filed prior to 8 December 1993, a disclaimer of a primarily merely misdescriptive geographic term could be entered to overcome the descriptive or misdescriptive refusal so long as the geographic term was not deceptive under Section 2(a) of the Act (15 USC 1052(a)) and so long as applicant was not disclaiming the mark in its entirety.

In addition, Sections 13 and 14 of the Trademark Act (15 USC 1063 and 1064) provide that any person harmed by the registration of a particular term may oppose or cancel the registration of such a mark. In addition, Section 43 of the Trademark Act permits an aggrieved party to stop the use of such a term, even if the term is not registered.